

Daily Report

China

Daily Report China

FBIS-CHI-92-145

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28 July 1992

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Article on French-U.S. 'Conflicts of Interest'

HK2807084292 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 27 Jul 92 p 8

["Fortnightly Commentary" by Shi Ji (4258 7221): "Common Values' Cannot Put End to Conflicts of Interest—On French-U.S. Polemics"]

[Text] On 16 June, France's LE FIGARO carried an article entitled "Is France the United States' Number One Enemy?" by Tierli Monpulier [5530 1002 6849, 5536 1580 6849 0068 1422], head of French Foreign Relations Research Institute. The article says "Franco-U.S. relations are obviously at their lowest ebb," and the reason is that the United States accuses France of adhering to a hard-line position on agricultural policy to the extent of hampering an agreement on multilateral trade, that it is covertly undermining U.S. efforts to adjust NATO's structures, and is encouraging German hatred of the United States. France complains that the United States is hindering Europe's construction and is trying to consolidate U.S. hegemony in Europe through NATO.

Responding to this article, on 21 June, Jeanne Kirkpatrick, former U.S. representative to the United
Nations, published an article entitled "France the
Number One Enemy of the United States?" in THE LOS
ANGELES TIMES, stressing that it is not the United
States which treats France as the number one enemy, but
that it is France, "in the name of a Europe for the
Europeans," which opposes U.S. participation in European security and markets and that this is "unfriendliness" and "hostile behavior" toward the United States.

Since the disintegration of the bipolar pattern, differences between France and the United States have grown obviously indeed. In the area of economics, the two countries have often had quarrels on the problems of trade and French-U.S. aviation agreements. As far as trade problems are concerned, the dispute between the United States on the one side and France and the other West European countries on the other side concerning the abolition of subsidies for farm products and trade and price restrictions has caused a failure to reach agreement in the Uruguay Round of multilateral trade talks. For the United States, a more serious problem is that France, as the main motive force for European unification, is actively promoting the construction of a big, unified European market and the realization of a single European currency, and this is undoubtedly a challenge to the United States.

In the political field, after the disintegration of the Soviet Union, the basis of NATO's existence has been shaken, and France advocates a unified Europe where European affairs are handled by Europeans. For this purpose, apart from stepping up its efforts to urge the EC to approve the Maastricht Treaty, France recently also declared the building of a joint French-German Army Corps as the foundation of a future European army. Facing the new

situation after the cold war, the United States believes that Europe is still an important strategic interest and is attempting to give NATO new missions to attain its goal of continuing its presence in Europe and dominating European affairs. Very obviously, France's ideas and actions contradict with U.S. intentions.

The open polemics between France and the United States have already aroused attention in the world. Some commentaries say current Franco-U.S. relations have entered their "gloomiest period." Monpulier attributed this situation to "France's comparatively weak presence in the United States," and he hoped that those in power could overcome prejudice and would "allow a healthy mood to gain an edge." Kirkpatrick was more frank. She said the cooling of Franco-U.S. relations was mainly because France wants to exclude the United States. She stressed that although the United States was not geographically part of Europe, it participated in two world wars and the long cold war and that this was because of 'common values" held by the United States and Europe. She said that these "common values" had already tied the United States and Europe together. However, in the contemporary world, relations between two countries are dominated by state interests and not ideology. Just as the French newspaper said, although France and the United States have certain common "principles," they have more different interests. France may not deny the "common interests" stressed by Kirkpatrick, but can this resolve the conflicts of interest between the two countries? It seems both sides have worries. It is obviously an exaggeration to boast that France is the number one enemy of the United States and vice versa, but the clashes and struggles arising from the conflicts of interest between them are unavoidable.

EC Links Retaliation, U.S. Trade Sanctions

OW2807031592 Beijing XINHUA in English 0258 GMT 28 Jul 92

[Text] Brussels, July 27 (XINHUA)—European Community Agricultural Commissioner Ray MacSharry said here today the EC would retaliate in kind if the United States applies sanctions on Brussels in the dispute on oil-crop trade.

In a statement released today, MacSharry said that if this happened, EC-U.S. trade and the success of the Uruguay Round of talks would be badly damaged.

MacSharry expressed hope the United States would not "take one-sided action on imports from the EC."

Washington has accused Europe of infringing the interests of U.S. farmers and exporters by granting direct subsidies to its own oil-crop growers.

The U.S. has twice brought suits against the EC on the grounds that the subsidies violate a trade agreement signed in 1962.

The arbitration group of the General Agreement on Tariffs and Trade (GATT) has twice ruled that Brussels was indeed in violation.

Washington declared June 9 that if the EC did not make proper revision, it would impose 100 million U.S. dollars import duties on agricultural products worth 200 million U.S. dollars imported from the EC.

Brussels has suggested compensating the United States for its trade losses but Washington has insisted the EC revise the subsidy system.

An EC spokesman said negotiations between the two sides had resumed today in Geneva.

At present, the EC imports oil-crops primarily from the United States, Hungary, Brazil, Argentina, Poland and Sweden.

World Bank Says Economic Prospects 'Bright'

HK2807070092 Beijing CHINA DAILY in English 28 Jul 92 p 4

[From the "Opinion" page: "World Bank: China's future 'very bright"]

[Text] China's economic prospects are "very bright" if the government continues to pursue a strong programme of economic reform and appropriate development policies.

This is the conclusion of a group of World Bank economists who visited China a year ago.

Their views were published in a special report submitted to the Board of Executive Directors in Washington, and to the Chinese Ministry of Finance.

According to a reliable source, the report focussed on China's recent economic developments and future prospects in the light of the reform and development strategy set out in the Ten-Year Programme and Eighth Five-Year plan (1991-95).

The report deemed that in identifying reform priorities for the coming decade, it was appropriate to assess the successes and failures of China's past reform experience. It pointed out that such an assessment "can now be done on an objective basis" because of the passage of time and the availability of recent research results.

The World bank economists noted that China's "reform style" had four distinctive features:

- Gradualism and Experimentation. "China has tended to spread changes over several years, and usually after considerable experimentation and adaptation. Its large size and provincial structure foster such experiments and make such an approach appropriate, if not inevitable."
- —Partial Reforms. It cited the two-tier price system for vital commodities in the materials sector such as coal, steel, timber and cement as an "apparent success" of

the "gradual/experimental approach." Under this system, State-owned enterprises were permitted to sell above-plan output at market prices. Its advantage was to create a situation where marginal resource allocation decisions have been made on the basis of market prices. Its drawbacks, however, included the engendering of corruption.

- --Decentralization. Extending decision-making power to enterprises, individuals and local governments "has been a key theme of (China's) reforms, enhancing microeconomic incentives and creating a strong interest group in favour of continued reform deepening".
- —Self-Reinforcing Reforms. The dynamics of the reform process "create opportunities for government to push forward with new reforms" and "attempts to reverse reforms and reintroduce planning soon reveal those limitations again." The report noted that seen from the benefit of hindsight, "the thesis that the gradualist approach permits the rise of countervailing forces" seem to have been refuted.

The report listed four distinct areas where the impact of China's reform approach "has been demonstrably effective." These are:

- Output and Welfare. The Gross National Product (GNP) has grown about 50 percent faster during the reform period, especially in light industry and services. "This has resulted in enormous improvements in consumption levels (more than doubled over the decade) and in the lifting of 160 million from poverty since 1979."
- Productivity. The report noted that "growth has come via productivity gains, which were close to zero in the 1949-75 period, but accounted for 3-4 percent per annum" during the years of reforms.
- 3. The Role of the State. The State used to dominate savings and investment, but now, most savings are generated by individuals and enterprises, and investment is financed by retained profits and banks. "Even more dramatic is the changing role of State-owned enterprises, which accounted for almost all output in the pre-reform period, but now non-State industry employs almost 100 million people and produces 45 percent of industrial output."
- 4. Trade. The share of trade in GNP "has risen from just under 10 percent in 1978 to over 30 percent in 1990, and there are over 20,000 Sino-foreign joint ventures in operation."

The report raised the question of whether this gradualist approach of China "is sustainable over the medium to long term." It raised three potential issues for the future that had to be addressed. These are:

 The danger of future insolvency of some large banks because they have had increasingly to fund the losses of State-owned enterprises.

- (2) The argument that so long as State-owned enterprises remain dominant, they will never achieve the degree of efficiency as to enable China not to be a highly protected economy. Thus the benefits of present reforms could fade away and lead to stagnation.
- (3) That social tensions will mount as regional disparities became more acute and when further difficulties for the central government lead to the collapse of the present social safety net.

The economists admit that this argument of the limitations of the gradual approach "is based primarily on the recent experiences of the formerly socialist countries of Eastern and Central Europe." And they say that the possibility of such a collapse—forcing China into its own "big bang"—"Should not be dismissed out of hand," and that China's reform "is indeed one which does not have successful historical precedent."

They point, however, to some key features of the Chinese experience that could serve as "sources of reassurance." The features are:

- —The decision to use agriculture as the entry point of reform which generated the rural savings and surplus labour necessary to launch the next phase of reform and which created a constituency for reform.
- —What they call "marketization instead of privatization"—an approach that encouraged the growth of the non-State sector. They noted that the "spectacular growth" of non-State enterprises suggests the possibility of "creating a competitive framework in which State enterprises can be made more efficient without recourse to direct privatization programmes."

"Success in reorienting the bureaucracy." They note that "bureaucrats, especially at the national level, are among the major losers from socialist reform, with loss of power, prestige and, in particular, nonwage income."

They point out, however, that the use of decentralization and promotion of non-State industry "generated a reorientation of the interests of the bureaucracy away from planning goals towards economic performance." And this coincided with the interests of the Party, which "saw its political interests geared increasingly to the achievement of economic success."

- —The "emphasis on export development" and "entry into world markets." They noted that China post-poned import liberalization to late in the reform process which resulted in a relatively high level of importing advanced technology. But China permitted Hong Kong entrepreneurs to "impose rigorous export quality design and control standards" which accounted in large measure to its success in this area.
- —The "role of the State in maintaining social stability." They note that China has, so far, "succeeded in avoiding severe social costs during its transition." They think that by postponing social reforms to the end of the reform process, "has given the opportunity

to develop over time the institutional framework for a new social security system."

The report points out that "much remains to be done," and identified reform priorities in six key areas:

- (a) Enterprise reform, especially in respect of the Stateowned enterprises.
- (b) Financial sector issues, especially "the reduction of forced policy lending by commercial banks."
- (c) Fiscal reforms, to replace the present system of revenue generation whereby the State-owned enterprises turned over some profits in addition to paying income tax with a diversified tax system.
- (d) External reforms, especially reducing "import protection."
- (e) Further price reform, particularly for such distorted prices of raw materials and agriculture.
- (f) Social sector reforms, primarily those which improve labour mobility by "converting nonwage benefits such as housing and pension rights, to wages."

Based on the review of China's past experience with reform and its prospects for the future, the authors of the World Bank report found "great opportunities for China to move forward and enjoy a continued strong economic performance if these opportunities are grasped."

They claim that "The indications are that indeed these opportunities will be grasped, and that the decade will see economic gains at least as great as those of the 1980s."

United States & Canada

Taiwanese-American Refused Entry, Beaten

HK2807040592 Hong Kong SOUTH CHINA MORNING POST in English 28 Jul 92 p 13

[By Kent Chen]

[Text] A Taiwanese American invited by Beijing to attend a seminar on mainland-Taiwan relations was refused entry when he arrived in Guangzhou yesterday and beaten by uniformed men.

Mr Victor Huang was invited to take part in the August conference by the Taiwan Affairs Institute under the Chinese Academy of Social Science and the All China Federation of Taiwan Compatriots.

A leading overseas Chinese in the United States, Mr Huang, accompanied by his wife, yesterday took a train from Hong Kong to Guangzhou, where the couple planned to stay briefly before going to Beijing.

But when he arrived at Guangzhou's railway station at about 4 PM Mr Huang was refused admission.

This was despite the fact that he showed the authorities evidence that he was a guest of the relevant authorities and that he was in possession of a visa issued by the Chinese consulate in New York.

His wife was given entry to Guangzhou, where she was staying last night.

According to witnesses, Mr Huang asked the authorities to contact Beijing to seek clarification of his eligibility for entry.

The witnesses said he was then taken to the platform, where eight men dressed in police uniforms beat and kicked him.

They said he suffered injuries to his arms and legs.

Mr Huang was then hustled on board a Hong Kongbound train, on which several security personnel watched over him.

On arrival in Hong Kong yesterday evening. Mr Huang went to Queen Elizabeth Hospital for a medical checkup. He was later discharged.

He said he had not been to China in the past 40 years and did not know the reason for the refusal and the beating.

Mr Aaron Nattrass, the administrative director of a law school in Hong Kong and a witness of the beating, said he was horrified to see such an unprovoked and vicious attack on an American citizen by Chinese security officiers.

Mr Huang said he would complain to the American Consulate General in Hong Kong about the incident.

Sources who spoke with him said Mr Huang, an adviser to the Taiwan Government on overseas-Chinese affairs, said he admitted having provided help to dissidents who had arrived in the U.S. after the June 1989 crackdown.

However, he had indicated that the Chinese authorities were aware of this when they invited him to the conference.

The sources said several would-be participants from Taiwan and the U.S. might have second thoughts about going to Beijing.

Li Tieying, USIA Chief Discuss Reform

OW2807075692 Beijing XINHUA in English 0728 GMT 28 Jul 92

[Text] Beijing, July 28 (XINHUA)—A senior Chinese official today said constant development of Sino-U.S. exchanges and cooperation in education, science and technology, culture and sports constitute an important part of China's opening to the outside world and this will remain unchanged for a long time to come.

Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, made the remarks today in a meeting with Henry E. Catto, director of the United States Information Agency.

In the meeting, the two officials had a candid and friendly exchange of views on ways to strengthen exchanges and cooperation in education between the two countries.

Catto, referring to close ties with China's State Education Commission, said he expects such cooperation to grow further.

Li, voicing similar wishes, said in today's world, all countries wanting to develop must learn from the achievements of science and civilization in other countries. China will never return to a closed-door policy, he said, adding that the country's reform and open policy will never change.

On bilateral ties, Li said that all statesmen of wisdom and foresight should attach importance to the maintenance and development of Sino-U.S. relations. He voiced optimism for the prospect of such ties.

Catto said the Bush administration attaches importance to relations with China, adding that he expects to see U.S.-China relations becoming increasingly closer with joint efforts.

Later today, Catto signed an executive program for the years between 1991 and 1994 under a cultural exchange treaty between the Chinese and U.S. Governments, together with Chinese Vice-Minister of Culture Liu Deyou.

Hainan Governor Speaks at New York News Forum HK2607050892 Beijing ZHONGGUO XINWEN SHE in Chinese 1205 GMT 11 Jul 92

["Hainan Governor Liu Jianfeng on Building Hainan Into Socialist Hong Kong in 20 Years"]

[Text] New York, 10 July [ZHONGGUO XINWEN SHE]—Hainan Province will be built into a socialist Hong Kong in 20 years, Hainan Governor Liu Jianfeng told the U.S. Chinese enterprise circles and press in downtown New York today.

He indicated that with four years of arduous efforts since its establishment, Hainan Province has made considerable progress in many fields including energy, transportation, telecommunications, and urban construction. Moreover, it has possessed the basic conditions for making large-scale investments. Hainan has so far signed contracts with foreign businessmen from over 20 countries and regions in the world, involving a total amount of foreign investment of \$1.18 billion.

Liu Jianfeng said that Hainan is to adopt a series of new measures to achieve its goal, such as implementing a special tariff law, adopting Hong Kong's experience in economic management, and studying issues concerning the circulation and use of new currencies. When talking about Hong Kong's experience, Liu Jianfeng indicated: We will use for reference any experiences as long as they can serve socialism, enhance the productive forces, and improve the people's standard of living.

Liu Jianfeng added: During the course of its construction, Hainan not only needs funds, but technology and talent as well. Hainan will extend special preferential treatment to foreign experts and Chinese students studying overseas, who are willing to work in Hainan; moreover, give awards to those who render meritorious service; and allow them to come and leave the province as they wish. He said that many of the over 400 Chinese students his delegation met in Hawaii have expressed a willingness to work in Hainan in the future.

The Hainan Province goodwill mission headed by Liu Jianfeng visited New York after signing an agreement in Hawaii on establishing friendly state-province relations between Hawii and Hainan. Today, (Mr. Langdon) [lan pu dun 5663 2528 7319], chairman of the National Committee on U.S.-China Relations, and Zhang Weichao, Chinese Consul General in New York, each held a news conference for the delegation. The delegation is scheduled to return home 12 July.

U.S. Senate Votes for Release of Kennedy Files

OW2807034292 Beijing XINHUA in English 0321 GMT 28 Jul 92

[Text] Washington, July 27 (XINHUA)—U.S. Senate voted today to require the government to open to the public its files on the 1963 assassination of President John F. Kennedy.

The Senate in its decision demanded officials to make the secret documents available to the public through the national archives after reviewing them.

The decision came amid renewed public interest in the assassination fueled by recent home video release of the 1991 film "JFK," which contends that President Kennedy was not killed by Lee Harvey Oswald acting as a lone gunman as the Warren Commission concluded.

The movie suggested that behind Oswald, there was a conspiracy masterminded by the CIA and the military establishment, because they were seriously alarmed when Kennedy signaled his intention in 1963 to bring U.S. troops home from Vietnam, a move that would hurt the interest of the military and intelligence complex.

The bill passed the Senate to open the assassination files [passage as received] said documents that officials declined to release would be delivered to a five-member independent panel for the final decision on their release.

The panel, to consist of historians, attorneys and other professionals appointed by the President with the Senate's consent, would withhold the papers only if they endangered national security or violated a person's privacy.

The panelists would review the unreleased papers periodically and release them as soon as they could be released.

The Senate also decided that all documents still held by the government would have to be released no more than 25 years after the bill's enactment.

The U.S. House of Representatives passed a similar bill earlier.

Central Eurasia

Trade Union Leader Ni Zhifu Meets Kyrgyz Guests OW2307134692 Beijing XINHUA in English 1322 GMT 23 Jul 92

[Text] Beijing, July 23 (XINHUA)—Chinese trade union leader Ni Zhifu met with E.A. Abakirov, president of the Federation of Trade Unions of the Republic of Kyrgyzstan, and his party here this evening.

Ni is both vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC) and president of the All-China Federation of Trade Unions (ACFTU).

The two sides exchanged views on establishing and developing the friendly relations between the trade unions of the two countries.

After the meeting, Ni gave a dinner in honor of the guests.

The trade union delegation from Kyrgyzstan came here this afternoon at ACFTU's invitation. Apart from Beijing, they are expected to visit Qingdao and Shanghai.

Estonian Troops, Former Soviet Soldiers Clash OW2807020092 Beijing XINHUA in English 0117 GMT 28 Jul 92

[Text] Helsinki, July 27 (XINHUA)—Estonian national defence troops Monday clashed with the former Soviet soldiers still stationed in the newly independent republic.

A radio report said the incident occurred when the Estonian forces came to take over a military quarter as agreed by both sides. Estonian soldiers were beaten and sent to hospital later for treatment.

Reports said the Estonian move was designed to prevent the former Soviet troops from selling buildings [word as received] in their military quarters.

Southeast Asia & Pacific

Wu Xueqian Receives Vietnamese Economic Group

OW2807101892 Beijing XINHUA in English 0954 GMT 28 Jul 92

[Text] Beijing, July 28 (XINHUA)—Wu Xueqian, Chinese vice-premier and member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met with Nguyen Ha Phan, member of the Secretariat of the Central Committee of the Communist Party of Vietnam, and a delegation led by him here today.

Zhu Liang, head of the International Liaison Department of the CPC Central Committee, and Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, were present at the raceting.

Nguyen, also chairman of the Department for Economy of the Central Committee of the Communist Party of Vietnam, and his delegation arrived here July 26 on a visit to China. Their visit aims to learn more about China's reform and opening to the outside world.

In addition to Beijing, they will also visit south China's Haikou, Guangzhou and other cities.

Zhu Rongji Receives Burmese Rail Minister

OW2707121092 Beijing XINHUA in English 1057 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with U Win Sein, minister of rail transportation of the Union of Myanmar [Burma], here today.

Zhu and U Win Sein exchanged views on further cooperation between the two countries in railroad transportation.

U Win Sein and his party arrived in Qingdao in east China July 22 at the invitation of the Chinese Ministry of Railways. They are also scheduled to visit Dalian, Shenzhen and Kunming.

Li Senmao, Chinese minister of railways was present at today's meeting.

NPC Vice Chairman Peng Chong Visits Micronesia

Meets Micronesian President

OW2707154492 Beijing XINHUA in English 1524 GMT 27 Jul 92

[Text] Canberra, July 27 (XINHUA)—Micronesia President Bailey Olter said today that his country will continue to pursue its "one China" policy, recognizing Taiwan as an inalienable part of the People's Republic of China.

In a meeting with visiting Vice-Chairman of Chinese National People's Congress [NPC] Peng Chong in Palikir, capital of Micronesia, Olter said that he is looking forward to his visit to China next September to further sale friendly relations between the two nations, diplomatic sources in Micronesia said.

The Micronesia Government and people are glad to see the increasing enhancement and development of relations between the two countries, he said, adding that the Micronesia people are great thankful to the Chinese Government and people for their sincere assistance.

Peng Chong, expressing China's appreciation for the "one China" policy followed by the Micronesia Government, said that China is satisfied with the smooth development of friendly relations between the two countries since the establishment of diplomatic ties between the two nations two years ago.

China is willing to continue to increase mutual understanding, friendship and cooperation between the two nations on the basis of five principles of peaceful coexistence, he said.

Peng said that China's National People's Congress is also hopeful of increasing exchanges of visits with the Federal Parliament of Micronesia to further the existing relations of friendly cooperation between the two nations.

Talking about the 23rd annual meeting of the South Pacific Forum held in Honiara, Solomon, early this month, olter said that his government is against any forms of dialog between the forum and Taiwan.

Pointing to the fact that a close and friendly relationship of dialogue and partnership has already been set up between the forum and China, Olter said that in his government view, if any member of the forum has been engaged in any contact or dialog with Taiwan, it only represents itself instead of the forum.

Peng Chong arrived in Truk last Friday to start his visit to Micronesia, the first leg of his South Pacific trip, which will also take him to Marshall Islands, Kiribati, Fiji, and Vanuatu. He arrived in Palikir Sunday.

Meets Micronesian Speaker

OW2707165692 Beijing XINHUA in English 1618 GMT 27 Jul 92

[Text] Canberra, July 27 (XINHUA)—Jack Fritz, speaker of the Micronesian Parliament, and visiting Vice-Chairman of Chinese National People's Congress Peng Chong agreed on further cooperation between the two countries' legislatures.

During their talks in Palikir this morning, the two men expressed satisfaction with the rapid development of the friendly relations of cooperation between the two countries since the establishment of bilateral diplomatic relations two years ago, according to diplomatic sources in Palikir.

Fritz spoke highly of the positive role China has played in South-Pacific regional and international affairs. He also reaffirmed that the Micronesian Government and parliament will abide by the "one China" policy.

Peng Chong extended appreciation for Micronesia's stand on the issue and spoke highly of the efforts of the Micronesian Parliament in promoting the friendly relations between the two countries.

Fritz hosted a banquet in honor of Peng Chong this evening, during which Micronesian President Bailey Olter said that the Micronesian Government and people will make efforts to increase the relations between the two countries.

Meanwhile, Peng praised the achievements of the Micronesian people in safeguarding national independence, developing national economy and participating in regional cooperation.

Peng reiterated China's basic principles towards the South Pacific region, saying that China is willing to set up and develop political and economic relations on the basis of mutual confidence and mutual benefits.

The aim of China in developing relations with South Pacific nations is to maintain peace and stability in the region and without any intension to obtain self-interest, Peng said.

He said that China will strive to strengthen cooperation with South Pacific nations in the fields of economy, trade and technology.

China will also continue to promote friendly relations with the South Pacific Forum, Peng said.

Peng arrived in Truk last Friday to start a 5-day visit to Micronesia and arrived in Palikir Sunday.

Chen Muhua Heads Women's Delegation to Indonesia

OW2807065992 Beijing XINHUA in English 0609 GMT 28 Jul 92

[Text] Beijing, July 28 (XINHUA)—A Chinese women's delegation led by Chen Muhua, vice-chairwoman of the National People's Congress Standing Committee and president of the All-China Women's Federation, left here this morning for a goodwill visit to Indonesia.

The delegation, invited by the Indonesian office of the state minister for the role of women, was seen off at the airport by Wang Shuxian, member of the secretariat of the All-China Women's Federation, and Abdurrahman Gunadirdja, Indonesian ambassador to China.

Near East & South Asia

Further on Indian Defense Minister's Visit

Witnesses PLA Exercises

BK2707132492 Delhi All India Radio Network in English 1230 GMT 27 Jul 92

[Text] The defense minister, Mr. Sharad Pawar, today witnessed military exercises by the sixth tank division of the Chinese People's Liberation Army north of the Great Wall near Beijing. Mr. Pawar along with his counterpart, General Qin Jiwei, saw firing demonstration by a section of tanks, armored personnel carriers, and self-propelled artillery.

Mr. Pawar is visiting Shanghai tomorrow.

Leaves for Shanghai

BK2807091692 Delhi All India Radio Network in English 0830 GMT 28 Jul 92

[Text] The defense minister, Mr. Sharad Pawar, has described his current visit to China as useful. Before leaving Beijing for Shanghai this morning, he said he expects further friendly contacts between the armed forces of the two countries which will help to ensure peace and tranquillity on the border. A number of high-level meetings in recent months have strengthened the mutual understanding and cooperation between the two countries, Mr. Pawar added.

At the farewell meeting, the Chinese defense minister, General Qin Jiwei, said that the first-ever visit by the Indian defense minister to China has been highly beneficial to enhance mutual understanding.

India Border Trade Fair Reopens After 33 Years

OW2707215292 Beijing XINHUA Domestic Service in Chinese 2244 GMT 23 Jul 92

[Report by XINHUA reporter Wen Min (3306 7044) and RENMIN RIBAO reporter He Guanghua (6320 1639 5478): "Yamarong: Noise and Excitement After 33 Years of Quietness"]

[Text] Lhasa, 24 Jul (XINHUA)—The traditional Yamarong Border Trade Fair, which was interrupted for 33 years, reopened on 15 July.

Yamarong is located near the county seat of Cona County at the foot of the Himalayas. It is one of Tibet's important border trade towns facing India and Bhutan. As early as 200 years ago, this was a place for small-scale international border trade. Trade fairs were held three times a year, and each fair lasted from 15 to 20 days. After 1959 border trade was suspended for various reasons.

On the first day of the trade fair, dozens of tents were raised overnight. Businessmen who rushed here day and night brought with them more than 1,800 kinds of

commodities, with a total value of some 2 million yuan. The Yamarong pastoral area immediately became a place of noise and excitement. Walking from tent to tent amid the crowd, this reporter happily learned that, in the wake of an enhanced sense of a commodity economy, many skillful traders had emerged from the various nationalities which have lived in the closed border area for a long time. A female trader of the Moinba nationality, who sold wooden bowls and bamboo articles, spoke to us in fairly good Mandarin. She said: "Look at this wooden bowl. Businessmen in the hinterland will consider it a handicraft, and it can be sold at a high price. Would you like to buy some?" When we were selecting the bowls, we heard loud voices from a neighboring stall: it was a large book stall. Two young neople of the Tibetan nationality each grabbed a pit of books and left the fair in happiness and excurment. According to the local industrial and commercial department, various kinds of useful means of production and daily necessities sold rapidly at the fair. Some rich border residents were particularly interested in color television sets and other high grade durable goods. The total mount of transactions in the first three days was nearly 300,000 yuan. quite a large sum in a county with a population of only 12.000

The trade fair opened amid the rainy season, and snow had fallen on mountains near the Yamaron pastoral area. Despite the cold and the bad weather, people were very enthusiastic. Group after group of traders were still rushing forward when we started our return journey.

Sub-Saharan Africa

Wen Jiabao Meets Mozambican Party Delegation OW2507115792 Beijing XINHUA in English

1123 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—Wen Jiabao, alternate member of the Secretariat of the Communist Party of China (CPC) Central Committee, met with a delegation from Mozambique Liberation Front Party headed by Eduardo Arao as received], member of the Central Committee of the party, here this afternoon. They had a friendly conversation.

After the meeting. Wen hosted a dinner in honor of the guests.

The Mozambican guests arrived here July 21 for a visit to China as guests of the International Liaison Department of the CPC Central Committee.

NPC Official Meets Namibian Women's Group

OW2507143192 Beijing XINHUA in English 1335 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—Chen Muhua, vicechairperson of the Standing Committee of the Chinese National People's Congress (NPC) and president of the

All-China Women's Federation (ACWF), met with a Namibian women's delegation here this evening.

The two sides had a friendly talk on the expansion of the friendly ties between the women organizations of the two

After the meeting. Chen hosted a dinner in honor of the

The Namibian women's delegation, headed by Ellen L. Musialela, member of the Political Bureau and general secretary of the Woman's Council of the South West Africa People's Organization, arrived here yesterday at the ACWF's invitation.

Apart from Beijing, they are expected to visit Changchun, Hangzhou and Shanghai.

West Europe

Trade Head Meets With British Counterpart

OW2707145092 Beijing XINHUA in English 1425 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)-Li Langing, Chinese Minister of Foreign Economic Relations and Trade (MOFERT), met with British Minister for Trade Richard Needham and his party here this afternoon.

During the meeting, they had a friendly conversation on further developing bilateral trade relations.

Vice-Minister of MOFERT Gu Yongjiang held talks with Needham and exchanged views on issues of common interest concerning bilateral trade.

The visitors arrived here today as guests of the MOFERT.

Needham: Mission's Oct Visit Set

OW2707170092 Beijing XINHUA in English 1558 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)—Britain will send a large business mission to China in October this year, according to a senior British official.

Speaking this afternoon during an interview with XIN-HUA, Richard Needham, visiting British minister for trade, said the prestigious 80-member business delegation, whose members represent some 50 large British companies, will visit China to find potential business partners, explore possible cooperative ventures and develop long- term cooperative endeavors.

Needham said that he is in China to hold talks with the Chinese Ministry of Foreign Economic Realtions and Trade [MOFERT] on ways to organize the autumn mission and ensure its success.

The minister expressed a belief that the mission will be a catalyst for the further expansion of bilateral trade relations.

He said the British Government places "the highest priority on improving trade relations throughout the Asia-Pacific region." He added that the area will be the most rapidly developing area in the world, and that China has the greatest market potential in the region.

Needham said that if Britain expects to be a "serious, economic trade power, it must establish a major presence in the Pacific, and in China, in particular."

Sino-British trade relations have experienced rapid development in recent years, especially since China adopted the policies of reform and opening to the outside world in 1979.

The trade volume between the two countries surpassed 764 million U.S. dollars in 1980, and, in 1990, topped two billion U.S. dollars.

According to Needham, Britain and China have great potential for further cooperation in many fields, including industry, finance, railways, commerce and transportation.

He expressed the belief that prospects for enhanced trade relations are "very good" provided that both sides work together closely.

"We look forward to finalizing permanent long-term commercial, educational, political and economic agreements with China," said Needham.

East Europe

Albanian President, Tian Zengpei Discuss Ties OW2807020392 Beijing XINHUA in English 0117 GMT 28 Jul 92

[Text] Tirana, July 27 (XINHUA)—Albanian President Sali Berisha said here today his country was pleased with China's reform success and hoped to boost bilateral political, economic and trade ties.

Berisha made the statement in a meeting with Chinese Vice Foreign Minister Tian Zengpei, who flew home today after ending his three-day visit to Albania.

During his stay, Tian also met with Albanian Prime Minister Aleksander Meksi, Minister for Foreign Trade and Economic Cooperation Artan Hoxha and held talks with his Albanian counterpart Arlan Starova.

At the meetings and the talk, the two sides examined the possibilities of developing political, economic and trade ties between the two countries. They believed it would be mutually beneficial to develop contacts and exchanges between the governments of the two countries.

Czech, Slovak Parliament Chairmen View Division

OW2807030092 Beijing XINHUA in English 0205 GMT 28 Jul 92

[Text] Prague, July 27 (XINHUA)—Leaders of the national councils of the Czech and Slovak republics do not see referendum as the only way to decide on the breakup of the Czechoslovak Federation.

Chairman of the Czech National Council, Milan Uhde, and his Slovak counterpart, Ivan Gashparovic, noted during their second round of talks today that it would also be constitutional for the national councils of the two republics to reach agreement on the issue on the basis of recommendations made by the federal government or parliament.

Gashparovic said a referendum would be held only when the national councils failed to reach agreement or when the federal parliament failed to pass a law on the federation's division.

The Civil Democratic Party and the Movement for Democratic Slovakia agreed on July 23 to divide Czechoslovakia into two independent states. But the move evoked opposition from some other parties which demanded a national referendum on the future of the federation.

Political & Social

Yang Baibing May Become Deputy General Secretary HK2807092892 Hong Kong CHING CHI JIH PAO in Chinese 27 Jul 92 p 8

[Article by Liu Sze-lu (0491 2448 6424): "Will Yang Baibing Become Deputy General Secretary?"]

[Text] Maybe because the 14th CPC National Congress is drawing near, rumors about the personnel arrangements in the CPC top leadership are increasing. In the previous period, rumors were mainly related to the possible nominees for the premiership, but recently, more rumors about the party leading body were circulated. I heard of a rather new arrangement: A new post of deputy general secretary will be set up, and Yang Baibing will be appointed to this post.

In the history of the CPC, when the decisionmaking body was headed by a "chairman," there were "vice chairmen." For example, at the eighth party congress, Mao Zedong was chairman, and PRC President Liu Shaoqi, National People's Congress Chairman Zhu De, Premier Zhou Enlai, Vice Premier Chen Yun, and Defense Minister Lin Biao were vice chairmen. At that time, Deng Xiaoping was general secretary. The general secretary in those years, being different from the present job, only took charge of the routine affairs of the central secretariat.

In the early stages of the "Cultural Revolution," Lin Biao became the only vice chairman. At that time, he was "vice commander in chief" under Mao Zedong, and was the designated "successor" as the party constitution specified. The CPC leadership was then divided into four tiers: Mao Zedong was the "supreme commander in chief"; Lin Biao was the "vice commander in chief"; the Standing Committee formed the third tier; and the last tier was composed of members of the Political Bureau.

If it is true that a deputy general secretary will be appointed, then his or her status will be equivalent to that of the "vice chairmen" in the past. In other words, the current three-tiered power structure consisting of general secretary, Standing Committee members, and Political Bureau members will be replaced with a four-tiered structure. However, Jiang Zemin will never enjoy the absolute power that Mao Zedong held in the past. So the new four-tiered power structure will not be the same as the previous one. To put it more bluntly, the deputy general secretary will not be considered as a "successor" to Jiang Zemin in case of the latter's death; it is more likely that the deputy will play a role in counterbalancing Jiang's power.

If Yang Baibing is appointed to be deputy general secretary, the above inference will be more plausible. This is because Yang Baibing, 72, is six years older than Jiang, and it is not logical to appoint an older successor to a younger leader. In addition, in his talks while inspecting the southern localities, Deng Xiaoping

expressed his dissatisfaction with Jiang Zemin, but Deng still deeply trusts the Yang brothers. So, in the so-called "late Deng Xiaoping era," it would be logical to assign Yang Baibing to "support" or "supervise" Jiang Zemin in order to prevent Jiang from deviating from the "established line."

If Yang Baibing becomes deputy general secretary, the political situation in China will show another new characteristic: That is, the influence and power of the military will be in the ascendant. During the "Cultural Revolution," the influence and power of the military were at their zenith. Lin Biao and his four trusted generals, namely, Huang Yongsheng, Wu Faxian, Qiu Huizuo, and Li Zuopeng, were all members of the Political Bureau. This group of "gun holders" shared the power with the "Gang of Four" who were "pen holders" in the Political Bureau. According to the experience in the "Cultural Revolution," whenever there is a need for stabilizing the situation, the influence and power of the military will be on the rise. Reportedly, apart from Yang Baibing, Liu Huaqing and Chi Haotian may also enter the Political Bureau at the 14th party congress. Thus, the number of brass will substantially increase as compared with the present situation, in which Qin Jiwei is the only Political Bureau member merely serving in the Army (Jiang Zemin and Yang Shangkun cannot be considered as full-time soldiers). If such an arrangement is realized. it will show Deng Xiaoping's fear of the instability of the political situation after his death.

Finally, it should be pointed out that if Yang Shangkun becomes deputy general secretary, this will bring about a "multiheaded" pattern in the CPC top leadership. In fact, as mentioned above, if Deng Xiaoping makes Yang Baibing deputy general secretary because he does not fully trust Jiang Zemin, then after the 14th party congress, a "multiheaded" phenomenon may appear. If Li Peng becomes state president, Qiao Shi becomes National People's Congress chairman, and Zhu Rongji becomes premier, then there will appear a power structure headed by "Jiang, Yang, Qiao, Li, Zhu."

Even if Deng Xiaoping still wants to keep Jiang Zemin's status as the core of the leadership and does not appoint Yang Baibing to be deputy general secretary, a "multi-headed" power pattern may still appear in the "post-Deng Xiaoping era." The leadership core will appear only after a round of power struggle. Whether Jiang Zemin will become a transitional figure like Hua Guofeng will depend on whether he has the character of a strong man.

Sources: Activist Ren Wanding May Lose Eyesight HK2807050792 Hong Kong SOUTH CHINA MORNING POST in English 28 Jul 92 p 12

[By John Kohut in Beijing and Willy Wo-lap Lam]

[Text] Veteran pro-democracy activist Ren Wanding is in danger of losing his eyesight and suffers from a number of other maladies exacerbated if not created by his harsh prison conditions, sources said yesterday.

And despite its promises to Western governments, Beijing has still not allowed a number of well-known dissidents to leave the country.

Ren, who is serving a seven-year sentence at the Beijing No 2 prison for activities related to the 1989 anti-government protests, has a cataract on his left eye.

He received medical attention last July, and his eye improved. But by April this year the problem had become more serious than before. Treatment in June was not effective.

The sources said Ren feared losing sight in his left eye.

They added that the activist also suffered from hemorrhoids. He was hospitalised and underwent surgery last January, but the condition is still painful and he is unable to sit for long periods of time.

Ren also suffered from sinus problems, which made him vulnerable to colds, coughed all year round, had serious back problems which made it difficult for him to work and sit, chronic gastritis, and pain in the sacrum, the sources said.

He has been taking medicine for the ailments, but the problems persist.

The sources said Ren was suffering some of the ailments before being put in Qincheng prison in June 1989, but some had developed while he was in jail. He was moved to Beijing No 2 prison in April last year.

His condition was not helped by poor lighting in his ceil, and a lack of opportunities for fresh air and exercise, the sources said.

Their account of Ren's health is in contrast to the bright picture of prison life painted by the Chinese authorities.

Ren, an accountant, spent four years in jail for involvement in the short-lived Democracy Wall movement of the late 1970s.

Meanwhile, Chinese sources said legal scholar Mr Yu Haocheng had last week been denied permission to travel to Hong Kong for a short visit.

Mr Yu, 67, who was detained for 18 months after the Tiananmen Square crackdown, was told by the Ministry of Public Security he would not be able to take up an invitation from the Hong Kong-based The Mirror [CHING PAO] to attend a cocktail party marking the monthly's 15th anniversary.

Earlier, Mr Yu had been denied permission to accept a visiting lectureship at Columbia University in New York.

Friends said yesterday police had interrogated Mr Yu after it was announced last month that he had joined the board of Human Rights in China, a New York-based watchdog.

The sources said the prospects of Shanghai-based journalist Zhang Weiguo leaving the country seemed to have improved.

Zhang, who has been offered a research fellowship by the University of California at Berkeley, held discussions with Shanghai police last week.

The dissident journalist said he had asked the authorities to invalidate his status of "taking bail to await judicial procedure". He expected a response from them early next month.

More 'Talented People' To Study, Work Abroad HK2807053692 Beijing CHINA DAILY in English 28 Jul 92 p 1

[By staff reporter: "Foreign Experience To Nurture Top Talent"]

[Text] In another bid to bolster the morale of Chinese scientists at a moment when the country is stepping up its reform and opening drive, the government has pledged to let more talented people study or work abroad under better conditions.

According to a set of new regulations issued over the weekend by the State Science and Technology Commission, the government will encourage more scientists to learn advanced technology and management experiences in foreign countries.

That will help Chinese scientists to achieve more and keep up with the latest scientific developments around the world. It will also push Chinese talent onto the international market, officials said.

China has benefited from its policy of sending scientists to work in foreign countries during the past 10 years, officials said. Many of them have become the leading scientists in their fields after returning home.

Meanwhile, Chinese scientists have made outstanding achievements while working abroad and have demonstrated the wisdom of the Chinese people, officials said.

The regulation also promises to continue to provide favourable working conditions and living standards at home, so as to attract Chinese scientists back to serve their country.

Meanwhile, according to the new regulation, Chinese scientists working abroad are expected to get more reasonable compensation.

Some Chinese scientists working in foreign countries have complained that they are underpaid either by their foreign employers or by their domestic units.

The new regulation said that the foreign salaries of such scientists will be guaranteed and protected.

Also, the regulation said that the pay to Chinese scientists working abroad should be comparable with that given to scientists by other countries.

Artists, Writers Seeking Self-Employment

OW2807051792 Beijing XINHUA in English 0404 GMT 28 Jul 92

[Text] Beijing, July 28 (XINHUA)—When people talk of self-employed people in China, they usually refer to pedlars opening a restaurant or a grocery store. Few of them notice that a rank of self-employed artists and writers is now ascending.

Why Become Self-Employed Artists and Writers

"I was forced to become a self-employed writer," said Wang Shuo. Born into an army man's family, Wang served in the army for three years after graduating from a senior middle school. When he demobilized from the army, Wang was assigned to work as a salesman in a pharmaceutical company. The young man did not like the job and resigned.

Full of confidence in life, he began to concentrate himself on writing novels. His biographical novel Miss Steward has been adapted for television.

Yan Huichang resigned from his post, a chief conductor of the Central Nationalities Orchestra, a job which was admired by many, in 1990.

Graduated from the Shanghai Conservatory of Music in 1983, Yan was invited to be the chief conductor of the orchestra and an art instructor. He has regarded his music cause as more important than his life and headed his orchestra to perform world-noted music.

He said in his written resignation that both his work ability and professional level could not keep up with the development of the orchestra. Therefore, he wanted to resign from his present post.

Some of the artists who resigned from their posts wanted to realize their personal value through their creation of work.

One example is Xie Xiaodong, once a member of the Hefei City Singing and Dancing Troupe in Anhui Province.

"Longing for a wider world to display my talent," Xie said, "I presented my resignation to the troupe and came to Beijing with my guitar."

To many young singers, Beijing is the center for various new trends, ideas and cultural exchanges. To become known in the country or the world, the first thing to do is to get an approval of the audience and experts in Beijing. In addition to Xie Xiaodong and his brother Xie Xiaowei who joined him in Beijing, many noted singers including Li Na, Na Ying, An Dong, Jing Gangshan, Zhao Xinjun, Hong Dou, Wei Wei and Zhang Baomo have broken their "iron ricebowl", a term signifying the commitment to secure employment and the guarantee that the state will provide at least the basic necessities for everyone.

These people have neither organizations nor contacts with each other. Each of them pursues his or her own business and meets only at large theatrical performances sponsored by television stations and other organizations.

Experience of Breaking the "Iron Ricebowl"

"My energy and talent could be fully released after I resigned from my post of serving as a chief conductor of the central nationalities orchestra," said Yan Huichang, "and my professional knowledge has been widened and updated since."

Since his resignation in 1990, Yan has been invited to cooperate with the Central Symphony Orchestra to conduct a number of performances for films and television programs. The cooperation has enabled Yan to expand his profession from the nationalities orchestra to the symphony orchestra and music for films and TV.

At present, Yan works for a music publication company. He also composes music and cuts a disc as well as learns computer technique.

"Being a self-employed writer, you have to work very hard in order to compete with others and make a living," said Wang Shuo.

The young man has completed writing novels with about one million Chinese characters and TV plays with two million Chinese characters in eight years.

Wang's action has found an echo in the hearts of many writers. Some of them agreed that the lifelong occupation of being a writer has quite a few drawbacks and needs improvement.

At present, a number of cities including Beijing, Shanghai and Shenzhen, China's leading special economic zone in Guangdong Province, have probed ways to reform the lifelong occupation system.

Shen Junyi, a self-employed actor who made himself known in the the public in a number of films with his talent and skill, was on tenterhooks early this year because he could not find a job and his child was ill.

In China, employees in state-run organizations and enterprises enjoy free medical care and their children enjoy half-cost medical care.

For Li Na, a noted self-employed singer who won the title of one of the ten best singers for films and TV programs in 1991 and '92, the most important things she worries about are to lose the favor of the masses or sickness.

"At that time, no one will be responsible for taking care of you," she said.

Experiencing happiness and bitterness, almost all the self-employed artists and writers still want to realize their value of life through their creative work and do not want to give up halfway.

Views From Authorative Personages

Gao Zhanxiang, deputy minister of culture, said that as the economic system allows the coexistence of the state, collective and individual operation with the state operation in the main, the cultural setup may follow its example. Only by mobilizing all efforts, can the country's cultural activities boom.

He called on self-employed people engaged in cultural establishments to observe discipline and abide by the law and make contributions to the country's cultural development.

Wang Fulin, a noted director who has directed a TV series "Dream of Red Mansions", analysed why he dared not become a self-employed director by saying that he had got used to the conventional way of work.

"To be a self-employed person, one must have certain strength," he said and encouraged people to take a job with which they can fully display their talent.

Zhang Heping, head of the Beijing Cultural Video Publishing Company, regarded the coming into existence of the private cultural household as a development trend.

"The 'iron ricebowl' system can only foster lazy and incompetent people," he added.

GUANGMING RIBAO on Seeking Truth

HK2707023492 Beijing GUANGMING RIBAO in Chinese 10 Jul 92 pp 1-2

[Article by Li Hongfeng (2621 4767 6912): "Seeking Truth From Facts Is Quintessence of Marxism"]

[Text] At the beginning of this year, in his important talks made during his inspection tour in southern China, Comrade Deng Xiaoping put forward a thesis of great import. He said: Recently, some foreigners have been saying that Marxism is unbeatable. It is unbeatable, not because it boasts many large volumes of literature, but because the Marxist truth is irrefutable. Seeking truth from facts is the quintessence of Marxism. We should advocate this, not the books. The success in our reform and opening up does not come from the books, but from practice and seeking truth from facts. The system of contracted responsibilities with output linked to remuneration on a household basis is being practiced in rural areas. The patent right for this invention should go to

peasants. Many of the things in rural reform were created by those at the grass-roots level. We adopted them, processed them, and upgraded them as the guide for the whole nation. Practice is the sole criterion of truth. I have not done very much reading. I follow one principle, that is, believing Chairman Mao's idea of seeking truth from facts. We used to count on this in the wartime, and we still do in our construction and reform. We have been talking about Marxism all our lives. In fact, Marxism is not abstruse. Marxism is something very simple and plain and contains simple and plain principles. These remarks made by Comrade Deng Xiaoping have a strong relevance to our immediate reality. They were directed toward the state of the international communist movement, but even more toward the reality in our party and our country. This is the most concise and profound exposition made by Comrade Deng Xiaoping on the nature, stand, viewpoints, and methodology of Marxism and also the most brilliant and scientific summary of our party's historical experience, especially the experience of success in reform and opening up.

We should restudy the series of expositions on seeking truth from facts made by Comrade Deng Xiaoping and Comrade Mao Zedong, in association with the history of the development of Marxism, our party's history, and the road our party has been following since the Third Plenary Session of the 11th CPC Central Committee. This is of great immediate significance to our acquiring a profound understanding of this important thesis made by Comrade Deng Xiaoping and, subsequently, gaining a better understanding of the theory of building socialism with Chinese characteristics, more conscientiously implementing the party's basic line during the initial stage of socialism comprehensively, upholding and developing Marxism under the new historical conditions, and pushing ahead with the great cause of socialism with Chinese characteristics.

Seeking Truth From Facts Is Basis and Starting Point of Mao Zedong Thought

The history over the one and half centuries since Marxism was born has proved that seeking truth from facts is the quintessence of Marxism. Marxism was founded through seeking truth from facts and developed through seeking truth from facts. Without seeking truth from facts, there would have been no Marxism and no development of Marxism to speak of.

The reason we say that Marxism has always been contemporary is because it is always developing and advancing with the advance of the times. The reason we say Marxism is scientific is because it respects facts, practice, and the objective law governing the development of things. It is by nature characterized by seeking truth from facts. This has been proved by the history of Marxism's development, by the history of Marxism in various developmental stages, and, especially, by the history of our party in upholding and developing Marxism.

During the period of over 70 years when our party was leading the Chinese people of various nationalities in revolution and construction, it upheld and developed Marxism and achieved two historic leaps. The first leap took place during the period of the New Democratic Revolution: The Chinese communists, through repeated explorations, found the road to democratic revolution with Chinese characteristics on the basis of summing up successful and unsuccessful experiences, and accomplished with flying colors the transfer to socialism. The second leap took place after the Third Plenary Session of the 11th CPC Central Committee: The Chinese communists found the road to building socialism with Chinese characteristics on the basis of summing up the positive and negative experiences over the 30-odd years since the founding of New China and studying international experience and the world situation, and led the people to make a new historical epoch of socialist modernization of China. This leap is still uncompleted. We have to struggle for some more decades before we can form a complete set of more mature and more clearly defined systems in various respects.

The highest theoretical achievement of the first leap was the formation of Mao Zedong Thought. Mao Zedong Thought is the application and development of Marxism-Leninism in China, a summary of the theoretical principles and experiences concerning the Chinese revolution that have been proved correct through practice, and the crystallization of the CPC's collective wisdom. Many outstanding leaders of our party made important contributions to its formation and development and the scientific works by Comrade Mao Zedong are its gist.

The highest theoretical achievement of the second leap was the formation of the theory on building socialism with Chinese characteristics. The theory of building socialism with Chinese characteristics is the application and development of Marxism-Leninism-Mao Zedong Thought in the new era of our country's historical development, a summary of the theoretical principles and experiences concerning China's construction and reform that have proven correct through practice, and also the crystallization of the CPC's collective wisdom as well as a theoretical innovation with unique characteristics. Many revolutionaries of the older generation of our party made important contributions to its formation and development and the scientific works by Comrade Deng Xiaoping are its gist.

The most fundamental experience that our party followed in realizing these two leaps and reaping these two highest theoretical achievements is the adherence to seeking truth from facts, proceeding from reality in all aspects of work, and integrating theory with practice.

As the core of the first-generation leadership of our party and a great Marxist, Comrade Mao Zedong, starting from the first years of his participation in the communist movement and initiation of our party, always advocated and practiced investigation into, and study of, objective social conditions and waged firm struggle against the wrong tendencies of divorcing theory from practice. proceeding from subjective wishes in all aspects of work, proceeding from books and instructions from higher authorities in all aspects of work, and giving no consideration to concrete realities. In the resolution he wrote for the Gutian Conference in 1929 entitled "On Redressing Wrong Ideas Within the Party," Comrade Mao Zedong sharply voiced objection to subjective guidance, maintaining that "subjectively analyzing the political situation and guiding work with subjectivism will inevitably lead to either opportunism or putschism." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 3) In 1930, Comrade Mao Zedong specially wrote an article entitled "Against Book Worship," in which he put forward the scientific thesis of "without investigation, one has no right to speak." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 5) He firmly objected to the wrong mentality in which one refers to books at every turn when discussing issues within the Communist Party, assuming that all that is written in books is correct. Comrade Mao Zedong said: "The reason we say Marxism is correct is in no way because Marx as a person is a 'sage' of some sort. Rather, it is because his theory has proved correct through our practice and struggle. Our struggle needs Marxism. We welcome this theory and our attitude contains no trace of such formalistic or even esoteric concepts as 'sage." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, pp 7-8)

Having defeated Wang Ming's "leftist" line which had led the Chinese revolution to serious setbacks, Comrade Mao Zedong summed up this struggle and the lesson that could be drawn and wrote in 1936 and 1937 a series of brilliant works, including "Problems of Strategy in China's Revolutionary War," "On Practice," and "On Contradiction," laying a foundation for our party's ideology and theory. Comrade Mao Zedong pointed out: "Marxists believe that men's social practice is the sole criterion for the truthfulness of their cognition of the external world.... The epistemology of dialectical materialism upgrades practice to the first and foremost position, believing that human cognition cannot for a moment be divorced from practice and rejecting all wrong theories that deny the importance of practice and that divorce cognition from practice." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 24) Hitting the nail on the head, he criticized doctrinaires, saying: "Our doctrinaires are lazy-bones. They refuse to do any arduous research work on specific matters; they regard general truths as something that has sprung from nowhere, turning them into purely abstract formulas beyond people's comprehension, and completely negate and reverse this normal order whereby men comprehend truths." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, pp 52-53) Speaking on the guiding principles for war, Comrade Mao Zedong pointed out that we would be defeated if we paid no attention to studying the enemy conditions and our own conditions so as to know both the enemy and ourselves.

The Yanan Rectification Movement conducted in 1941 and 1942 had a profound and far-reaching influence on the history of our party. Comrade Mao Zedong's works, including "Preface and Postscript to Rural Surveys," "Reform Our Study," "Rectify the Party's Style of Work," and "Oppose Stereotyped Party Writing," were the main documents of this rectification movement. In these works, Comrade Mao Zedong further expounded on the basic viewpoints and postures of seeking truth from facts and proceeding from reality, in a comprehensive and profound way, and gave a brilliant, scientific explanation of the notion of seeking truth from facts. He said: "Facts [shi shi 1395 0057]' means all things in objective existence. 'Truth [shi 2508]' is the internal connection among objective things, i.e., the regularity. 'Seeking' is for us to study things. We should proceed from the actual conditions in and outside the country, the province, the county, and district and infer from them their intrinsic, not surmised, laws, i.e., finding out the internal connection among the things that are going on around us and take it as the guide for our action. (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 100) "This attitude is an expression of the party spirit and the Marxist-Leninist style which integrates theory with practice. This is an attitude that a Communist Party member should have as a minimum requirement." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 100) In opposition to this is the antiscientific and anti-Marxist-Leninist subjectivist methodology, which "is the archenemy of the Communist Party, the working class, the people, and the nation, and is an expression of impure party spirit." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 99) Comrade Mao Zedong solemnly exhorted the whole party not to regard Marxist theories "as lifeless dogmas" or "take some isolated words and sentences from Marxist-Leninist books as ready-made panaceas, as if once they are in hand, one could successfully cure all diseases without difficulty." If so, "it would impede the development of theory, to the detriment of themselves as well as their comrades." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, pp 121-122) He also said: "There is only one type of true theory, that is, that which has been drawn from objective reality and proved in objective reality." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 119) According to this basic viewpoint of Marxism, Comrade Mao Zedong, in the report he delivered to the Seventh National CPC Congress, designated the style of integrating theory with practice as one of the three major work styles of the party. He pointed out: "Our party's development and progress are development and progress in the process of fighting firmly against all forms of doctrinairism and empiricism that contradict this truth. Doctrinairism is divorced from concrete practice, while empiricism mistakes partial experience for universal truth. Both these opportunistic ideas run counter to Marxism." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 151)

After the founding of New China, Comrade Mao Zedong repeatedly expounded this idea on different occasions and in view of different circumstances. In 1955, Comrade Mao Zedong said: "The central leading organ is a factory which turns out ideas as its products. If it does not know what is going on at lower levels, gets no raw material, or has no semi-processed products, how can it turn out any products?" (Selected Works of Mao Zedong, Vol. 5, p 91) [The original article containing this quotation is dated 1953] In 1956, Comrade Mao Zedong said: "Integration of theory with practice is one of the fundamental principles of Marxism. According to dialectical materialism, thought must reflect objective reality and must be tested and verified in objective practice before it can be taken as truth; otherwise, it cannot be taken as such." (Selected Works of Mao Zedong, Vol. 5, p 297) In 1958, Comrade Mao Zedong said: "The ideas, opinions, plans, and methods of any hero must be the reflection of the objective world. His raw material or semi-processed products can only come from the practice of the people or his own scientific experiments. His mind can only serve as a processing factory for turning out finished products. Otherwise, it would be of no use at all. Such finished products turned out by human minds have to be examined by the people to assess their practicality and (Quoted from Mao Zedong's 60 Work Methods (draft), dated 31 January 1958) In 1966, Comrade Mao Zedong pointed out in his article "Where Do Men's Correct Ideas Come From?": "Men's correct ideas can only come from social practice." He also said: "Whether or not the ideas (including theories, policies, plans, and methods)" produced through social practice 'can correctly reflect the law governing the objective external world remains unproven and therefore their correctness remains uncertain." Only when they are put into social practice can the yardstick of practice prove "whether they are correct or incorrect and there is no other method for testing truth."

From the above exposition, one can realize the important position of seeking truth from facts in Mao Zedong Thought and the important role it has played in the formation and development of Mao Zedong Thought. Seeking truth from facts is the basic viewpoint and basic method of Marxism and is the "quintessence of Mao Zedong's philosophical thinking" (Selected Works of Deng Xiaoping, p 64), the "quintessence of Mao Zedong Thought," the "fundamental point of Mao Zedong Thought" (Selected Works of Deng Xiaoping, p 121), the "point of departure, the fundamental point, in Mao Zedong Thought" (Selected Works of Deng Xiaoping, p 109), and the living soul of Mao Zedong Thought.

It was through persistently seeking truth from facts that Comrade Mao Zedong, proceeding from the historical state and social conditions of China, made a profound study of the features and law of the Chinese revolution, developed the Marxist-Leninist ideas concerning the proletarian leadership in the democratic revolution, initiated the anti-imperialist, antifeudalist, and anti-bureaucrat-capitalist theory of new democracy led by the

proletariat, based on the worker-peasant alliance, and pertaining to the people. It was through persistently seeking truth from facts that Comrade Mao Zedong and the CPC, in light of the economic and political conditions brought forth by the success in the new-democratic revolution for transition into socialism, adopted the principle of promoting socialist industrialization and socialist transformation simultaneously; implemented the concrete policy of gradually transforming private ownership of production means; accomplished in theory and practice the arduous task of establishing the socialist system in China, a big country with a quarter of the world's population and a backward economy and low educational level; and put forward important ideas regarding socialist revolution and socialist construction. It was through persistently seeking truth from facts that Comrade Mao Zedong solved the problem of how to build a revolutionary army mainly consisting of peasants into a new-type people's army with a proletarian nature, strict discipline, and close association with the people; formed a theory of revolutionary army building and military strategic thinking; and made outstanding contributions to the Marxist-Leninist military theory. It was through persistently seeking truth from facts that Comrade Mao Zedong made a brilliant exposition of the extreme importance of policies and tactics in the revolutionary struggle, pointing out that policies and tactics are the party's life and the point of departure and destination of all practices of a revolutionary party; that it is imperative to formulate the party's policies in light of the political situation, class relations, actual conditions, as well as the changes they undergo; and that it is imperative to integrate the sense of principle with flexibility. To this end, he proposed many important ideas concerning policies and tactics. It was through persistently seeking truth from facts that Comrade Mao Zedong, proceeding from China's basic national conditions and historical and cultural features, put forward many important ideas of far-reaching significance in ideological, political, and cultural work. It was through persistently seeking truth from facts that Comrade Mao Zedong and the CPC successfully accomplished the extremely arduous task of building a Marxist proletarian party with a broad mass base in a country where the proletariat had a small population but great fighting capacity and peasants and petty bourgeoisie comprised the majority of the national population. As a result, the theory of party building with Chinese characteristics came into being.

Seeking Truth From Facts Is Cornerstone of Theory on Building Socialism With Chinese Characteristics

Seeking truth from facts is the quintessence of Marxism-Leninism-Mao Zedong Thought and also the quintessence of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. The theory of building socialism with Chinese characteristics, as the highest theoretical achievement of our party in realizing its second leap, is the direct continuation and development of Mao Zedong Thought under the new historical

conditions. Comprehensive and profound, this theory has extremely rich content. However, its strategic ideas, scientific theses, and principles for decision-making are all based on Marxism's fundamental principle of seeking truth from facts. A series of fundamental issues, such as "Chinese characteristics," "initial stage," "fundamental task," and "criterion of productive forces," were all brought out and expanded from here. In June 1987, Comrade Deng Xiaoping said at a meeting with foreign visitors: "Some people abroad used to see me as a reformist and others as conservatives. True, I am a reformist. If whoever sticks to the four cardinal principles is a conservative, then I am a conservative in the same breath. Therefore, I am neither a reformist nor a conservative. More aptly, I am an advocate of seeking truth from facts." (Important Talks of Comrade Deng Xiaoping, p 7) Seeking truth from facts is a basic guideline that forms the backbone of the theory of building socialism with Chinese characteristics and is the cornerstone of this theory. Only by approaching problems with the stand, viewpoint, and methodology of seeking truth from facts and proceeding from reality, instead of proceeding from principles and concepts, can we truly master and gain a deep understanding of this theory and correctly grasp its essence.

Regarding the ideas that the fundamental task of socialism is to develop productive forces, that revolution is to emancipate productive forces, and that reform is also a process of emancipating productive forces: After the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping repeatedly pointed out: "In a socialist country, a truly Marxist party, after taking power, must dedicate itself to the development of productive forces" (Building Socialism With Chinese Characteristics, revised and enlarged edition, p 15); "there are many tasks facing socialism, but the fundamental one is to develop productive forces"; "it should, through the development of productive forces, show itself as better than capitalism and set the realization of communism as the final goal" (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 242). In the important talks he made during his inspection tour of southern China, Comrade Deng Xiaoping gave prominence to the emancipation and development of productive forces in terms of the nature of socialism. He brought it a step forward and pointed out: "The nature of socialism is emancipating and developing productive forces, eliminating exploitation and polarization, and eventually achieving common prosperity." How was this important scientific thesis conceived? It was made by Comrade Deng Xiaoping after in-depth deliberation on the basic principles of Marxism and profound summing-up of our own experiences. According to the basic Marxist viewpoint, only by building itself on the basis of highly developed social productive forces and creating higher labor productivity than capitalism can socialism eventually triumph over capitalism. How was the state of China's socialism, and was the task of developing productive forces carried out well? Comrade Xiaoping said: "We have summed up the experience in practicing socialism

over the past decades. But we did not really get the whole point of socialism." "For a long time, we neglected the development of socialist productive forces." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, pp 241, 242) Looking back on, and analyzing, the historical facts since the founding of New China, Comrade Xiaoping thought that the work was well done in the first eight years after the founding of New China when the national economy recovered at speed, socialist transformation was carried out, and the socialist system was successfully established. However, during the 20 years from the second half of 1957 to 1978, the work was not well done. Though many achievements were made in socialist construction, the development of the country. generally speaking, was basically marking time. The authorities closed the country to international intercourse and pursued the principle of taking class struggle as the key link at home. The policies formulated transcended what was possible in the initial stage of socialism, making it impossible to develop productive forces and even impeding the development of productive forces. Therefore, we should now take a firm hold of the development of productive forces as the basic link. "The whole party and the whole people should firmly establish this high resolve and keep to it without faltering in the slightest, even though it may appear 'stubborn." "This should be done resolutely and wholeheartedly despite all interference." (Selected Works of Deng Xiaoping, pp 213, 240) Revolution means emancipation of productive forces, and so does reform. This is also a scientific thesis offered by Comrade Deng Xiaoping under the guidance of the basic Marxist principles and in light of our own practice. Putting these two related theses together will help people understand more deeply the political, economic, and social significance of reform. Both of them revolve around, and serve, the development of the productive forces. Revolution means emancipation of productive forces and solves the problem concerning the essential conditions for developing the productive forces. This is relatively easy to understand because we have been following this way. Everybody has a clear vision of this and a deep feeling about it. Reform also means emancipation of productive forces and solves the problem concerning the sufficient conditions for developing productive forces. We are still in the process of tackling this matter and we believe that with the development of practice, people will gradually reach the right level of understanding.

Regarding "one center, two basic points": This is the core content of the party's basic line in the initial stage of socialism and also the core content of the theory on building socialism with Chinese characteristics. This is the most important conclusion that Comrade Deng Xiaoping has drawn by summing up China's historical experiences. He believes that only by following the basic line of "one center, two basic points" can China gradually develop its social productive forces and gradually extricate itself from the state of poverty and backwardness. Recently, he went further to emphatically point out that the key to upholding the party's line, principles, and

policies since the Third Plenary Session of the 11th CPC Central Committee is upholding "one center, two basic points." Without adhering to socialism, carrying out reform and opening up, developing the economy, or improving the people's livelihood, there would be absolutely no future. The basic line should be applicable and unchanged for 100 years. Why should China pursue the policy of reform and opening up? Comrade Deng Xiaoping maintains that like the revolution in the early days of New China, the purpose of reform and opening up is to remove obstacles impeding the development of productive forces. Comrade Deng Xiaoping said: "We summed up historical experiences and found that an important reason China had been in the state of stagnation and backwardness for a long time was because it closed itself to international intercourse. Experiences have shown that construction behind closed doors will not lead to success and China's development cannot move ahead without the world." (Building Socialism With Chinese Characteristics, revised and enlarged edition, p 67) "Today, if a country wants to develop itself, it will not achieve its goal by closing its doors. We have paid for our mistake in this respect, and so did our ancestors." "Up to the Opium War, there was a closedoor period of over 300 years, if counted from the middle of the Ming dynasty, or nearly 200 years if counted from the reign of Kangxi. The result was that China became very poor, backward, and ignorant." (Building Socialism With Chinese Characteristics, revised and enlarged edition, p 77) When he was proposing reform and opening for the first time, Comrade Deng Xiaoping reiterated the four cardinal principles. Why did he do so? What Comrade Deng Xiaoping had on his mind was that both economic construction and reform and opening require a stable social environment and a political guarantee. Comrade Deng Xiaoping said: Stability is China's highest interest. Upholding the four cardinal principles is the most fundamental political safeguard of China's long-term stability. This and the adherence to the reform and opening up are interdependent, and both of them ultimately serve the central task of boosting economic construction. If the four cardinal principles were shaken, "our society would be a chaotic one and there would be no stability and unity to speak of. Construction, reform, and reinvigoration of China would all become empty talk." (Building Socialism With Chinese Characteristics, revised and enlarged edition, p 126) "History tells us that it would not work for China to follow the capitalist road and that China has no choice but to follow the socialist road. Once China abandoned socialism, it would return to a semicolonial and semifeudal society and there would be no guarantee for sufficient food or clothing, let alone 'moderate prosperity." (Important Speeches of Comrade Deng Xiaoping, p 3) Therefore, the basic line of "one center, two basic points" will remain unchanged for a long time. Do we have the conditions for achieving this? Comrade Deng Xiaoping gave a positive answer, as the most important condition is that of practice. Comrade Deng Xiaoping pointed out: We say that the policy will not change, not offhand or on impulse, but with consideration for

China's realities and the needs of its development. He said: "We have now taken the right road. The people are happy, and we are confident. Our policy is not going to change. If it does, it will only become better, and the policy of opening up will only become more open. The road will not run narrower and narrower, but wider and wider. We have suffered too much from taking certain roads that ended up very narrow. If we chose to backtrack, where would we return to? Only to the state of backwardness and poverty." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 222)

Regarding the three-step strategic goals of development: This is related to the party's basic line. With a correct political line, there must be a goal of struggle that not only suits reality but is also inspiring. In view of China's basic national conditions characterized by a large population and a poor foundation to start with, Comrade Xiaoping carefully assimilated the lessons we had had in this respect in the past and, through in-depth deliberation and meticulous designing, proposed step by step the "three-step" strategy for development. They are: First, achieving the doubling of the GNP compared to 1980 and solving the problem of food and clothing for the people; second, the quadrupling of the GNP by the end of this century, bringing the people's livelihood to the level of moderate prosperity; third, increasing the percapita GNP up to the level of semideveloped countries by the middle of next century, whereby the people are relatively wealthy and the modernization is realized. What kind of goal is this? Comrade Deng Xiaoping said: "This goal of ours is insignificant for developed countries, but for China, it is a high ambition and a grand goal." (Building Socialism With Chinese Characteristics. revised and enlarged edition, p 66) Because ours is a socialist country, wealth is not concentrated in the hands of a minority and there is no great disparity between the rich and the poor, so life is easy for the ordinary people. Comrade Deng Xiaoping said: Our advantage lies in this very issue.

Regarding "doing two types of work simultaneously": This is an important aspect of the theory on building socialism with Chinese characteristics and also one of Comrade Deng Xiaoping's important strategic ideas. It is the fundamental principle that we must observe in carrying out all our work. After the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping talked about different contents of "doing two types of work simultaneously" on different occasions and in view of different circumstances. Why is it necessary to adhere to the principle of "doing two types of work simultaneously?" The answer, according to Comrade Deng Xiaoping through some matter-of-fact analyses, is two-fold. One reason is that it is required by the reality of reform and opening up. He maintains that in carrying out the reform and opening up, we have opened our door and some good things from abroad have entered, accompanied by some negative and decadent things. This is nothing to be afraid of. "Doing two types of work simultaneously" can effectively resist and prevent the occurrence of various repulsive phenomena.

The other reason is that it is determined by the nature of building socialism with Chinese characteristics. The cause of socialist modernization is one that requires coordination and comprehensive development, and we should by no means attend to one thing and lose sight of another. Recently, he once again stressed this issue, saying: "Guangdong is striving to catch up with the 'four little dragons' of Asia in 20 years. Not only should its economy boom; the social order and general mood of society should also improve, so that it can surpass them in the building of both civilizations. This is nothing but socialism with Chinese characteristics." This is a very weighty remark and is worth pondering by our leading comrades at various levels. Adhering to the principle of "doing two types of work simultaneously" is the concrete application of dialectical materialism and historical materialism in the work of leadership and is equivalent to seeking truth from facts in the work of leadership. Attending to one thing and losing sight of another, or paying more attention to material progress than to cultural and ideological progress, or even setting the two things against each other in a metaphysical and lopsided way is not advisable. We should make great efforts to overcome it.

Regarding "being on the alert for right tendencies, but mainly guarding against 'left' tendencies": Correctly conducting campaigns against undue tendencies is an important historical experience of our party and also an issue to which Comrade Deng Xiaoping has paid close attention since the Third Plenary Session of the 11th CPC Central Committee. Why must we be on the alert for right tendencies, but mainly guard against "left" tendencies? Comrade Xiaoping summed up international and domestic lessons and pointed out that right tendencies may ruin socialism, but "left" tendencies may also ruin socialism. Why must we mainly guard against "left" tendencies? Comrade Deng Xiaoping repeatedly said: This is because the erroneous "left' tendencies have been spreading for the longest time in the party's history and have caused the greatest damages. The resistance to the reform and opening up mainly comes from the "left" side and "leftist" things are still inveterate even to this day. The "left" tendencies carry revolutionary colors [ge ming se cai 7245 0730 5331 1752] and can easily mislead people. Therefore, one should be particularly wary about them. What is "leftism?" Comrade Xiaoping maintains that dubbing reform and opening a process of introducing and developing capitalism and regarding the economic field as the main source of the danger of peaceful evolution are "left" tendencies. They involve the relationship between socialism and capitalism. Between socialism and capitalism, there is an aspect of antithesis and struggle, which is an essential aspect; there is also an aspect of interdependence, which is a nonessential aspect. We should not see the essential aspect only while losing sight of the nonessential aspect. This is an important lesson drawn from our experience in the past. Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has repeatedly urged us to have freer

minds and greater courage, which embraces such an understanding. Recently, he made another clear point: The main criterion to determine whether reform and opening is surnamed "capitalism" or "socialism" is whether or not it is conducive to the development of the productive forces in socialist society, to the increase of the national strength of the socialist country, and to the improvement of the people's living standards. This remark further clarified the issue and cleared away a mental misgiving which had been standing for years in terms of the principal contradiction and fundamental task of socialist society, the trial of strength between socialism and capitalism, and the fundamental interests of the overwhelming majority of the people. Some people say this criterion is the simplistic combination of productive forces and socialism and does not conform to materialism. This is not convincing at all and does not agree with facts. This criterion is one for judging whether the reform and opening up is surnamed "capitalism" or "socialism," one for assessing the success or failure of the reform and opening, and also a fundamental criterion for appraising and testing all our work. Naturally, however, the specific work in various categories must have their specific criteria, but none of them can deviate from this fundamental criterion. This criterion is a realistic one for defining truth and for assessing practice. In smashing the trammels of "left" tendencies, we should boldly draw upon and assimilate all things that are, and can be, of use to us. Practice has proved that these analyses and judgments made by Comrade Xiaoping are in keeping with reality and are therefore totally correct. Both "left" and right tendencies stem from subjective idealism. They are all characterized by the dichotomy between the subjective and the objective and the separation of cognition from practice. We should also seek truth from facts in order to correctly conduct the struggle against undue tendencies. We should pay attention to guarding against the main tendency of "leftism" and thoroughly eliminate the influence of the "left" ideas on the one hand and, on the other hand, also make a point of not putting different ideas into the category of "leftism" where they do not belong.

Regarding "one country, two systems": "One country, two systems" is something new. It is Comrade Deng Xiaoping's brainchild aimed at peacefully settling the question of Hong Kong and Taiwan, and realizing the peaceful reunification of the motherland. Here, Comrade Deng Xiaoping also set an example of adhering to the principle of seeking truth from facts. How to settle the question of Taiwan and Hong Kong? "One country, two systems" is the best of all practical and feasible ideas. At a meeting with foreign guests in December 1984, Comrade Deng Xiaoping said: "If the idea of 'one country, two systems' is of significance to the international community, the credit should go to Marxist dialectical materialism and historical materialism or, in Chairman Mao Zedong's words, seeking truth from facts. This idea was put forward in light of China's realities." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 230) What kind of realities are they?

This idea takes account of realities formed through the historical process of China over the past decades and the past century or more; the common aspiration for the reunification of the motherland by the entire Chinese nation through peaceful means; and the reality of building socialism with Chinese characteristics. This is because, under the precondition of the main body (mainland) of China unswervingly practicing socialism, "allowing capitalism to exist on a small scale" by our side "is more conducive to the development of socialism." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 233)

Regarding the independent diplomatic policy of peace: To concentrate our energies on the modernization process, we need a peaceful international environment. However, this is not determined by subjective wishes, but by clear-headed assessment of the objective situation and correct comprehension of foreign principles. Comrade Deng Xiaoping, on the basis of in-depth analyses of the general tendencies of the international situation, has made a new judgment. He holds that the force for peace has overtaken the force for war around the world, and "it is possible that no large-scale world war would happen for quite a long time." (Building Socialism With Chinese Characteristics, revised and enlarged edition, p 112) Peace and development are today's two major strategic issues of a global nature. For this reason, we should readjust our foreign policy and turn it into an independent diplomatic policy of peace. Since the Third Plenary Session of the 11th CPC Central Committee, we have, in accordance with the principles of peaceful coexistence, improved relations with many countries. China's international status has been further upgraded. In recent years, under the fast changing, complicated international situation, we have maintained domestic stability and a fine image in the international community, eloquent proof of the success of our party's diplomatic policy.

Besides, Comrade Deng Xiaoping, in keeping with the principle of seeking truth from facts, has also put forward many important theses in such areas as economics, politics, military affairs, diplomatic affairs, science and technology, and education. From the above expositions and a series of theses he has put forward, we can see beyond doubt that seeking truth from facts is the fundamental point of departure and focal point in Comrade Deng Xiaoping's effort to understand and solve China's problems. The theory of building socialism with Chinese characteristics not only is the crystallization of the ideological line of seeking truth from facts, but also enriches and deepens it. Just as Comrade Deng Xiaoping profoundly pointed out: "Without emancipating our minds, seeking truth from facts, proceeding from reality, and integrating theory with practice, it would have been impossible for us to work out our present set of principles and policies and thus arouse the people's enthusiasm; and we could not possibly succeed in modernization and demonstrating the superiority of our socialist system." (Selected Works of Deng Xiaoping, p 176)

Only By Adhering to the Principle of Seeking Truth From Facts Can We Uphold and Develop Marxism

Seeking truth from facts is a scientific thesis as part of Marxism's quintessence. It also has a deeper meaning, namely, that only by adhering to the principle of seeking truth from facts can we uphold and develop Marxism. Here, it is necessary to pay attention to solving the following three problems:

First, we should study the universal truth of Marxism and strive to master its stand, viewpoints, and methodology. Marxism is a well-knit and well-rounded scientific system, a complete world outlook of the working class, and a strong spiritual weapon that we can employ in understanding and transforming the world. Undoubtedly, we did, do, and will continue to need Marxism as the theoretical guide. Yet this does not mean in the slightest that Marxist works can be considered a readymade panacea and can be copied without alteration. In initiating their own theories, Marx, Engels, Lenin, and Mao Zedong all requested people to study, apply, and develop them in light of realities, instead of blindly believing them as if they were the holy scriptures [sheng jing 5110 4842]. Comrade Mao Zedong and Comrade Deng Xiaoping always encouraged those who study Marxism to study its universal truth and master its stand, viewpoints, and methodology. Comrade Mao Zedong said many times that whoever studies Marxism must have a definite object in view. What we should study are things that are in the category of universal truth, and we must integrate our studies with China's realities. If we had to rigidly copy every sentence, including that of Marx, things would get out of hand [na jiu bu de liao 6719 1432 0008 1779 0055]. Comrade Deng Xiaoping has also repeatedly stressed that the type of Marxism we should uphold must be that which fits in with China's realities and the type of socialism we uphold must be that which has Chinese characteristics. Recently, he once again emphasized that we should study the essential part of Marxism-Leninism which we can put to use. We must make conscientious efforts to understand these profound ideas. The ultimate purpose of our studying Marxism is to find guidance for today's practice of construction and reform. Only the general can guide the specific, and only universal truth can serve as the guide for our action. Isolated words or sentences have no value as a general guide. We should be good at differentiating between the words and the essence in Marxism; learn to truly comprehend the Marxist stand, viewpoints, and methodology; and use them to analyze practical problems in a profound and scientific way, rather than practicing book worship or becoming slaves to specific words and sentences. Only by studying Marxism this way can we study Marxism as a science with a scientific attitude.

Second, it is necessary to consistently integrate theory with practice and constantly study new circumstances and solve new problems. The age we are in is fundamentally different from that of Marx and Lenin and also differs greatly from Comrade Mao Zedong's times. Under the

new historical conditions, in order to uphold and develop Marxism, we must strive to use the Marxist stand, viewpoints, and methodology to study the new circumstances; solve new problems; and enrich and replenish the Marxist ideological treasure-house with the new experiences, viewpoints, and conclusions that have been drawn from, and tested by, practice. We should not regard things that are not in the original books or are different from the original books as heresies and deviations from classics and orthodoxy at the slightest hint of them. Comrade Mao Zedong once said: "The change and motion of the objective world of reality is never ending, and men's understanding of truth through practice is also never ending. Marxism-Leninism is not where truth ends, but constantly opens up the road of truth-seeking in practice." (Mao Zedong, Deng Xiaoping on Seeking Truth From Facts, p 38) "Marxism must necessarily advance; it must develop along with practice and cannot stand still. It would become lifeless if it were stagnant and stereotyped." (Selected Works of Mao Zedong, Vol. 5, p 417) At present, many new circumstances have arisen and many new problems are existing at home and around the world. We should bravely face up to the reality, further free our minds, be more bold, accept new things, solve new problems, and strive to push ahead with the cause of building socialism with Chinese characteristics, to help Marxism advance.

Third, in studying Marxism at present, the main aspect is to study well Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. It is the most realistic Marxism with a most up-to-date development. the highest theoretical achievement of our party's effort to lead the whole nation in realizing the second leap, and the chief basis of our existing line, principles, and policies. Therefore, we must take great pains to study it well. The problem today is that many comrades still have not made enough mental efforts to pay attention to it. Some have failed to reach sufficient depth in their studies and differ significantly in their understanding of some issues. These phenomena indicate that the task of study and that of unifying thinking are still very challenging. The leading comrades at various levels must understand that things have changed and that they should adapt their own thinking to the changed circumstances and step up their studies. Only through good studies can they become good leaders in the high-speed and high-standard socialist modernization drive. " o this end, it is necessary to focus on making a fine job of the study of leaders at and above county level, especially the high-ranking cadres at and above the provincial or ministerial level. After the level of understanding in the leadership has been heightened, problems at the grassroots levels and among the masses can be easily solved. In the meantime, it is necessary to organize the theoretical contingents and conduct research on the basic viewpoints and important theses concerning the theory of building socialism with Chinese characteristics one by

one, turn out a number of high-quality and highstandard theoretical articles, make systematic expositions of the major theoretical and practical issues concerning the construction and reform, and answer the ideological questions raised by the cadres and masses.

If the whole party is armed with the theory of building socialism with Chinese characteristics and the ideology of seeking truth from facts, our level of work will be greatly improved, the party's fighting capacity will be greatly enhanced, and we will be more competent in shouldering the solemn missions that history has invested us with.

Science & Technology

Autos, Large Awards for Scientists 'Commonplace'

OW2707161692 Beijing XINHUA in English 1537 GMT 27 Jul 92

["Roundup" entitled "Rewarding Scientists, New Practice In China"]

[Text] Jinan, July 27 (XINHUA)—Li Chenghai, a senior agronomist with the Laizhou Maize Research Institute, recently received a cash award of 200,000 yuan and a new Audi sedan worth 300,000 yuan from the Shandong provincial government.

Seven other scientists and technicians received awards of either automobiles, houses or cash money from the provincial government.

Recently, large awards to distinguished scientists and technicians have become commonplace in China. In March of this year, south China's Zhuhai city set a precedent by rewarding three outstanding scientists with automobiles and large sums of money. The city's actions drew strong responses from throughout China, a country where inspirational encouragement has traditionally been held high in esteem, while material incentives been discouraged.

However, following the lead of Zhuhai, a number of provinces and cities, including Sichuan, Hunan, Hubei, Liaoning, Shandong, Yunnan and Guizhou Provinces, joined the cities of Shenzhen, Beijing and Jilin, in awarding Santana or Audi automobiles and cash to individuals in recognition of distinguished service.

Speaking at the awards ceremony, Jiang Chunyun, the party secretary for Shandong Province, noted simply that "they deserve it." He said the scientists and technicians have contributed greatly to research of high and new technologies and to the promotion of research results.

For example, Li Chenghai, 41, has conducted research on maize since 1974. The improved maize strains and high-yield planting techniques he developed are now being used in over 20 provinces, cities and autonomous regions. In 1989, his improved strains of maize set a world record for per unit yield.

Chinese sociologists contend that the handsome rewards mean a great deal more than simply receiving automobiles, houses and bonuses. More important thing, according to the sociologists, is the fact that such rewards are highly beneficial for encouraging scientific and technological advancement. In addition, the rewards indicates that a new sense of respect for the knowledge of qualified personnel is regaining a place of prominence in China.

While serving as vice-premier in 1975, Deng Xiaoping first advanced the contention that "science and technology are productive forces." Somewhat later, in 1988, he reasserted that "science and technology are, in fact, the no. 1 productive force."

Handsome rewards have greatly encouraged scientists and technicians, and, in less than one month, Zhuhai city received over 100 letters requesting joint scientific and technological development projects. In addition, some 600 scientists and technicians, as well as 200 students currently studying abroad, have applied for jobs in the city.

At the same time, some 100,000 scientists and technicians in Hebei Province have undertaken action designed to promote scientific achievements to enterprises.

Most Chinese have expressed approval for the reward system, saying they believe that such rewards reflect the social recognition of knowledge, and the abandonment of the ages of egalitarianism.

Actually, the so-called "handsome rewards" are not at all new in China. For example, as long as 10 years ago some rural and private enterprises were hiring retired technicians and other personnel at fairly high wages.

Sociologists say the reward system indicates that Chinese governments at all levels have joined enterprises in pursuing higher quality which is in compliance with the law of commercial economics.

New Computer Disc Can Avoid Interference

OW2807082992 Beijing XINHUA in English 0750 GMT 28 Jul 92

[Text] Shijiazhuang, July 28 (XINHUA)—A computer disc that has a strong capability to protect against interference recently passed appraisal in Shijiazhuang city, in north China's Hebei Province.

Experts say that the new disc is the first of its kind in the world and is much better than similar overseas products.

Developed by a company under the China Huanyu Electronics Group, the disc has adopted a new secret code system invented by Gen Shugui, a computer expert in the Hebei branch of the Chinese Academy of Sciences.

Experts say that the disc can be used in almost all kinds of computers. It will contribute a lot to secret telecommunications and information saving, they say.

Remote-Sensing Technology Assists Cartographers

OW2707112592 Beijing XINHUA Domestic Service in Chinese 1401 GMT 24 Jul 92

[Text] Beijing, 24 Jul (XINHUA)—According to the National Conference on the Application of Remote-Sensing Technology in Cartography, which opened today, China now ranks with industrially advanced countries in applying remote-sensing information gathered from space in making maps, and the use of this new technology has produced great changes in the nation's traditional cartography. In turn, cartography has been playing an increasingly important role in the vanguard of China's economic construction.

Since the 1970's, China has launched different types of satellites for scientific exploration and remote sensing, and these satellites have sent back many pictures from space. China also obtained a considerable quantity of remote-sensing information from other countries through international cooperation and exchange. The pictures sent back by satellite are sharp and contain large quantities of information. One picture can clearly register the topography of mountains, rivers, roads, forests, croplands, and urban areas for tens of thousands of square kilometers of land. As far as development of resources is concerned, conventional cartography can hardly compete with the role played by remote-sensing pictures.

In the Zhu Jiang Delta, which leads other parts of the country in launching reforms and opening up to the outside world, the water system-characterized by the convergence of three rivers (the Xi Jiang, Bei Jiang, and Dong Jiang) and the separation of eight passes (Humen, Jiaomen, Honggimen, Hengmen, Modaomen, Jitimen, Hutiaomen, and Yamen)-is unusual in both China and the world. Its distinctive characteristics have greatly complicated the control of the delta's lower reaches and estuaries. Because China did not have aerial information concerning this part of the country, the harnessing of rivers in the Zhu Jiang Delta used to be very slow. Thanks to research based on information from remotesensing pictures in recent years, scientists and technicians have quickly mastered the rules governing water and sand movements and silt accumulation caused by the interaction of runoffs and tides in the rivers and passes. This information enabled them to quickly clear the rivers and reclaim new cropland from their banks. The city of Zhuhai alone increased its land mass by 49,000 mu.

Through the analysis of remote-sensing pictures taken during different years, cartographers have discovered that, because of silt accumulation, the estuary of the Huang He had extended into the sea more than 20 km over a 20-year period. On the basis of this discovery,

they have revised the map and produced all types of specialized maps essential for economic construction.

As result of the active use of remote-sensing information in recent years, cartographers have become much more efficient and precise in conducting topographic surveys, in establishing a system for the nation's basic land information, and in drawing land resource maps. The application of remote-sensing technology has also facilitated efficiency in land consolidation and planning, in oceanographic studies and the development of sea resources, and in mineral and oil exploration, archaeological research, and urban construction.

Firms To Be Given Anti-Pollution Technology

HK2507042092 Beijing CHINA DAILY in English 25 Jul 92 p 1

[By staff reporter Zhu Baoxia: "Agency To Play Bigger Role in Pollution Fight"]

[Text] In a fresh move to control industrial pollution, the National Environmental Protection Agency (NEPA) will now introduce new pollution-control technology itself to grassroots enterprises across China.

The strategy is meant to simplify and accelerate the process of turning research achievements into productive capacity, said Bao Qiang, director in charge of the Science and Technology Department under NEPA.

Up to now, research institutes have sent out their own personnel to introduce new techniques, which is not only time-consuming but often snubbed by firms reluctant to spend money on non-productive renovations.

As a result, the country has made some amazing achievements in recent years—some at world levels—but few have been applied extensively at grassroots enterprises.

According to Bao, the agency is drafting a set of regulations to urge local governments to attach importance to the work.

And it has also organized a national committee to evaluate scientific and technical results in the field.

The committee, composed of over 30 environmental experts from all over the country, will pick some of the best ones and introduce them to factories and plants by channelling them through provincial departments in charge of environmental protection.

NEPA has already chosen 73 from 744 scientific and technical research results as the first group to be introduced.

Most of the research projects aim at protecting air and water conditions and disposing of harmful solid refuse that could contaminate the surroundings and affect people's health.

If the techniques are applied in 30 percent of the enterprises involved. Bao said, the amount of waste water discharged each year would be reduced by about 364 million tons or 1.44 percent of the total discharged in 1989.

Besides, some 900,000 tons of steel residue, 212,900 tons of ammonia and 33,300 tons of alkali would be collected and re-utilized every year if the new techniques are used.

There are now more than 200 institutes engaged in scientific and technological research concerning environmental protection and treatment, with more than 16,000 employees.

Military

Chi Haotian Conducts Inspection in Hunan

HK2807102192 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 17 Jul 92

[Text] From 11 to 17 July, General Chi Haotian, People's Liberation Army chief of General Staff, accompanied by Lieutenant General Zhu Dunfa, commander of the Guangzhou Military Region; Yang Zhengwu, deputy secretary of the provincial party committee; Major General Jin Feng, political commissar of the provincial military command; and Major General (Xiao Churu), deputy commander and chief of staff of the provincial military command, traveled to Dayong, Jishou, and Huihua counties on an inspection tour and met with all officers and men of Jishou and Huihua military sub-areas.

During the inspection, Chief of General Staff Chi stressed: The international situation as a whole is presently moving toward relaxation. But not all is well in today's world. Opportunities and challenges stand side by side. We must seize the favorable opportunity, take up the challenge, and do a better job of the work in all fields in accordance with the party's basic line in a bid to elevate the work concerning militia reserve forces to a new level. He expressed the hope that the troops and military sub-areas would be developed and the work concerning basic-level militia reserve forces improved, in an all-around way, so that all our troops would be politically qualified and militarily capable. We must also ensure, he said, that our troops have a good work style, abide strictly by rules of discipline, and are backed by reliable logistic support. He also urged improving armypeople relations and promoting nationality unity so that the troops and people would share weal and woe.

Liaoning Double Support Work Since 1987 Viewed

SK2507134392 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 24 July 92

[Text] Thanks to the concerted efforts of the army and the localities, in recent years the province has experienced a gratifying situation in which various circles have attached importance to and everyone has been concerned with the work of supporting the army and giving preferential treatment to the family members of revolutionary martyrs and servicemen and of supporting the government and cherishing the people [hereafter called the double-support work]. Governments at all levels have done actual deeds by focusing on enhancing the army's fighting capacity, and the masses of the people have been more enthusiastic in supporting the army.

Since 1987, all military activities of the Shenyang Military Region have been wholeheartedly supported by local party organizations, governments, and the broad masses of the people. Proceeding from the demand of building the army, the province has frequently helped the army solve the practical problems of training sites, transportation, building materials, and communications equipment. By allowing the army to utilize the Shenyang-Dalian Expressway free of charge alone, the local financial departments have collected 4 million yuan less in revenues annually. Over the past five years, the province as a whole has appropriately transferred 100,000 compulsory servicemen and 53,800 cadres from military to civilian work. The province has also made a breakthrough in solving the problems of livelihoods, health care, and residences for demobilized servicemen.

With the endeavor to invigorate Liaoning as their own duty, the People's Liberation Army [PLA] units stationed in Liaoning have taken practical action to share the burdens of the state and to benefit the people. Over the past five years, the army, navy, air force, and armed police forces stationed in Liaoning have put approximately 2 million workdays into building 1,300 key projects of the province, such as the technological transformations of old enterprises, the Shenyang-Dalian Expressway, and the Taoxian Airport. These forces have also planted 73 million trees, dealt with emergencies in disasters on 3,000 occasions, rescued 150,000 people from danger, and sent 2,000 aid-the-poor work teams to extricate 552 villages and 16,700 peasant households from poverty. The joint construction, joint study, joint training, and joint creation activities conducted by the army and the localities have been the [words indistinct] of the double-support work. Thus far, approximately 3,700 army-civilian joint construction centers have been built in the province, of which 800 have joined the ranks of advanced trades at or above the county and district levels, and approximately 500 have been commended by the province and cities. In particular, the activity of building model double-support units through the joint efforts of the army and the localities and the activity of the army and the civilians to jointly learn from Lei Feng have become the major characteristics of the province's double-support work.

On the morning of 25 July, the provincial party committee, the provincial government, and the provincial military district will hold a commendatory meeting in Shenyang on the double-support work to summarize the province's situation in double-support work over the past five years, to exchange experiences, and to commend the advanced units. This station will provide live coverage of this meeting.

PLA Improves Logistical Support Capabilities

OW2707143492 Beijing XINHUA Domestic Service in Chinese 0544 GMT 24 Jul 92

[By reporter Cao Zhi (2580 2535) and correspondent Ding Jianhua (0002 1696 5478)]

[Text] Beijing, 24 Jul (XINHUA)—By utilizing advancements in science and technology, the People's Liberation Army [PLA] has established a logistical support system for delivering supplies, carrying out rescue missions, providing transport and repair services, and offering better protection in the field. Through the use of this system, the PLA's comprehensive logistical support capacity has improved noticeably.

Subordinating themselves to the state's overall requirements economic construction, reform, and opening up-and upholding the principle of "focusing on priorities, shortening the front, equipping the troops by stages, and renewing equipment gradually," the PLA's logistics research departments have deepened their structural reform and have actively strived to develop and utilize high and new technologies. They have intensified basic research; established four centers to test standards for military rations, garments, vehicles for logistics support, and field equipment and supplies; set up a 42-point network for gathering information about logistical science and technology; and established 41 medical laboratories and 66 centers for specialized clinical operations. Gradually it has established a research system with disciplines covering all aspects of basic logistical support—a system under which the PLA can rely on its own efforts to deal with major scientific and technological problems concerning the logistical support of its forces. Statistics show that since 1986, logistical services of the armed forces have completed more than 10,000 research projects, including more than 1,700 which received state awards or first- and second-class awards from the military. These achievements have helped upgrade the PLA's logistical support services.

- —A highly efficient mobile supply system has been established. The development of oil pipelines that can be installed in the field, oil containers that can be air-dropped, systems for delivering supplies at sea or on beachheads, mechanized railway platforms that can be set up in the field, various types of loading equipment, and other large pieces of equipment for logistical support have changed the PLA's previous practice of counting on physical labor for delivering supplies, and they have significantly advanced the PLA's mechanized support and its ability to deal with emergencies.
- —A system has been developed to deal with localized wars and contingencies, and to ensure survival under all kinds of inclement natural conditions in the field. The commissioning of vehicles that carry equipment for cooking, baking bread, and providing drinking water in the field, as well as camouflage garments,

tools, bullet-proof jackets, and other protective equipment for use by individual soldiers, has lightened and standardized field bedding, garments, and foodstuffs; it also has increased soldiers' ability to survive in the field under all situations.

- —A relatively advanced mobile system for providing health care in the field has been developed. This field protection system is made up of all kinds of field vehicles for health care—vehicles for conducting surgery in the field, conducting microorganism testing, manufacturing liquids for intravenous injection [zhi ye che 0455 3210 6508], taking X-rays, delivering blood plasma, sterilizing equipment, and killing insects—ancillary facilities for transporting wounded personnel, standardized medical kits, oxygen-producing equipment, and other first-aid equipment for field use, as well as protective equipment. All of these have improved protection and first aid in the field.
- —A responsive and mobile repair system supporting logistical services has been established. Ever since the commissioning of vehicles for field repairs, the use of modular parts, and the use of a large number of equipment for diagnosing breakdowns and testing major equipment, repair and testing of vehicles and weapons in the field has become more lightweight, automated, and standardized.

PLA Laws, Regulations Collection Published

OW2807101792 Beijing XINHUA Domestic Service in Chinese 0601 GMT 28 Jul 92

[Text] Beijing, 28 Jul (XINHUA)—After three years of hard work, the Chinese People's Liberation Army [PLA] has, on the eve of its 65th founding anniversary, completed compiling military laws and regulations drawn up since the founding of the Republic.

With the approval of the Central Military Commission [CMC], the compilation project started in October 1988 under the leadership of the CMC Legislative Bureau. All military units, large and small, attached great importance to the project, and they set up groups to take charge of assignments. More than 2,280 people directly or indirectly took part in screening, examining, authenticating, and compiling laws and regulations.

Military laws and regulations designated to be screened were those promulgated or approved to be promulgated by the National People's Congress [NPC] and the NPC Standing Committee, the State Council, the CMA, PLA Headquarters, military regions, various services, and the Commission of Science and Industry for National Defense during the period between 1 October 1949 and 31 December 1988.

The Collection of PRC Military Laws and Regulations and The Collection of the PRC PLA Military Regulations compiled on this basis were recently published by the China Democracy and Law Publishing House under the General Office of the NPC Standing Committee. The former—consisting of volumes on military affairs, political affairs, logistical affairs, and science and technology for national defense, as well as subjects from some other areas-is a collection of military laws and regulations promulgated or approved to be promulgated by the NPC and the NPC Standing Committee, the State Council, and the CMC; all these laws and regulations are still in effect. The latter is a collection of military regulations promulgated or approved to be promulgated by PLA Headquarters, military regions, services, and the Commission of Science and Industry for National Defense; all these regulations are still in effect. These two large and comprehensive collections of military laws and regulations, which comprise a total of 52 books in 19 volumes, are unprecedented in the history of the PLA. While they will provide reliable legal grounds for leading authorities and leading cadres to manage their affairs according to law, these two collections will also serve as a basis for all officers and men, as well as for relevant personnel of local authorities, to study and apply laws. They will also help relevant departments in teaching and conducting research on military laws.

Books Published to Mark PLA Anniversary

OW2807060392 Beijing XINHUA Domestic Service in Chinese 2258 GMT 25 Jul 92

[By reporter Guo Diancheng (6753 3013 2052)]

[Text] Beijing, 26 Jul (XINHUA)—The People's Liberation Army [PLA] Publishing House and the PLA Literature and Art Publishing House have published a number of excellent books, such as a Series of Lengthy Reports on the Chinese Revolutionary Struggle, a Series of Generals' and Marshals' Literature, and a Series of Books for Company Libraries in order to mark the 65th founding anniversary of the Chinese PLA and implement an instruction from a leader of the Central Military Commission that "military publishing houses should published more outstanding works."

Many of these books have been published with the solicitude of the Central Military Commission and the General Political Department. Their contents are rich, dealing with a wide range of subjects. These books include teaching materials on revolutionary traditions and reading materials portraying the remarkable achievements made by the armed forces in the course of reform and opening up; among them are military selected works of old marshals as well as popular literature for grass-roots cadres and fighters.

The Series of Lengthy Reports on the Chinese Revolutionary Struggle, published by the PLA Publishing House, includes volumes on the Beiping-Tianjin Campaign, the Haui-Hai Campaign, the Jinan Campaign, the decisive battle in northeast China, the Xian Incident, the Beiping military mediation, the Shijiazhuang Campaign, and fighting in northern Shaanxi. The revised version of this series is highly ideological and artistic in content.

The PLA Publishing House has also published a Series of Books for Company Libraries, with a view to enriching the political life of grass-roots cadres and fighters. The Red Military Colors of 1 August—The Graceful Bearing of the People's Own Army is a kind of reading material for carrying out education on the glorious tradition of our army among young people, which attracts the attention of the State Education Commission.

In addition to nine literary biographies on Marshal Chen Yi, the Series of Generals' and Marshals' Literature, published by the PLA Literary and Art Publishing House, include Galloping Across Hunan and Jiangxi—Biography of Wang Zhen-1, In Memory of Yang Angong, and The General Who Accomplished His Mission—The Biography of Huang Zhen. Besides, it has also published fine reports and a novel with some actual accounts: the Record of the Zunyi Meeting and Marshal Shan. Meanwhile, this publishing house has also published some excellent lengthy fiction works, such as Gao Yubao, Armed Working Team Behind the Enemy Lines, Autumn in Jinyang, and Bitter Rape Flowers.

Defense Questions Addressed

OW2707135592 Beijing XINHUA Domestic Service in Chinese 0701 GMT 27 Jul 92

[Text] Beijing, 27 Jul (XINHUA)—"100 Questions on National Defense," a book by experts and scholars of the Academy of Military Sciences, was published by the GUANGMING RIBAO Publishing House on the eve of the I August Army Day.

This book is designed to answer questions arising in recent years following the continuous popularization and in-depth development of our country's national defense education among the people—questions on such issues as national defense awareness, national defense economy, national defense science and technology, national defense diplomacy, the building of armed forces for national defense, and national defense modernization. Using a question-and- answer format, the book discusses more than 100 questions fairly systematically and provides answers to these profound issues in simple terms.

Ministry of National Defense Marks Army Day OW2707151592 Beijing XINHUA in English 1444 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)—The Chinese Ministry of National Defence held a song and dance party here this evening in celebration of the 65th anniversary of the founding of the Chinese People's Liberation Army (PLA), which falls on August 1.

The performance presented by PLA singers and dancers won warm applause.

Military attaches from foreign embassies in Beijing and General Xu Xin, deputy chief of General Staff of the PLA, attended the party.

Economic & Agricultural

Foreign-Invested Firms Allowed in New Fields

OW2407125292 Beijing X!NHUA in English 1236 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—China is to set up enterprises with foreign investment in the field of foreign trade, domestic trade, insurance, finance, sea transportation and aviation on a trial basis.

Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade, today cited this as part of the efforts China will make to expand the scope of using foreign capital.

To date, most foreign-funded enterprises in China fall into the industrial field.

The spokesman told a news briefing here that the following policies will be adopted to fully utilize foreign capital:

- —To further open the domestic market for large, medium-sized, and high-tech enterprises with foreign investment;
- —To conscientiously study and settle problems of macro administration for foreign invested enterprises and further improve the investment climate;
- —To study and readjust certain major policies of absorbing foreign investment and create conditions to enable foreign investors to enjoy national treatment;
- —To further decentralize the power of examining and approving projects with direct foreign investment, change the way of classifying the jurisdiction of examination and approval according to the value of investment and difference of regions, practice classifying the jurisdiction of examining and approval in light of the guidance of the industrial policy and implement a unified policy for both coastal areas and the hinterlands;

Localities will be given rights to examine and approve the establishment and production of the projects which do not involve national comprehensive balance, and export quotas, but export all their products, Liu said.

According to the spokesman, the approved number of contracted projects with direct foreign investment in the first half of this year was over 13,000 with an agreement value of over 14.7 billion U.S. dollars, which respectively rose by some 150 percent and 220 percent over last year.

Policies To Steer Industries

HK2407134092 Beijing ZHONGGUO XINWEN SHE in Chinese 1146 GMT 24 Jul 92

[By Reporter Sun Yongliang (1327 3057 5328): "Liu Xiangdong on New Policies of Utilizing Foreign Capital"]

[Text] Beijing, 24 July (ZHONGGUO XINWEN SHE)—Liu Xiangdong, spokesman for Ministry of Foreign Economic Relations and Trade, disclosed here today: China is currently studying readjustment of some of her major policies for attracting foreign capital with a view to creating better conditions for foreign businessmen and investors.

Liu said: In future, foreign businessmen will be allowed to make investment and set up enterprises in such domains as foreign trade, domestic trade, insurance, finance, ocean shipping, aviation, and so on.

The Chinese market will also be open to foreign-invested large and medium enterprises as well as high-tech enterprises run with foreign capital, overseas Chinese capital, and with both foreign and Chinese capital.

As regards examination and approval of foreign-invested projects. China will also change her past practice of adopting preferential policies toward certain regions and start adopting preferential policies toward certain industries and will further delegate examination and approval powers to lower levels as well.

Statistics showed that China absorbed a large quantity of foreign capital in the first half of this year, approved a total of more than 13,000 projects with direct foreign investment, and used more than \$ 14.6 billion of foreign capital, thus representing a big increase over last year.

The Ministry of Foreign Economic Relations and Trade analysis concluded that while making continued investment in various coastal areas, foreign businessmen also started investing in the hinterland. The amount of foreign capital absorbed by Gansu, Chongqing, Yunnan, Wuhan, Hunan, and some other provinces and cities registered a 100 percent increase.

Of a multitude of foreign-invested projects, many are relatively large-scale ones with higher technological levels. For instance, the Shenlong Auto Company Ltd. has absorbed a total investment of \$792 million while the Guangzhou Zhujiang Electric Power Company Ltd. has absorbed a total investment of \$229 million.

Materials concerned also revealed that of all the newly approved projects with direct foreign investment, those of a productive nature account for 67 percent, of which industrial projects account for 65.7 percent, communications, post and telecommunications, as well as transportation projects 14 percent, and real estate projects 15 percent. Moreover, high-tech and raw material industrial projects account for a much larger percentage than before.

According to statistics, the number of countries with investment in China is also on the rise. Romania, Luxembourg, Lebanon, Poland, and some other countries have now become China's new investment partners.

More on Chen Jinhua Comments on State Firms Law OW2507111192 Beijing XINHUA in English 1032 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—As part of the effort to intensify industrial reform, the Chinese Government will make full use of relevant legal procedures to protect industrial enterprises against infringements on their operational rights.

Speaking at a press conference today, Chen Jinhua, minister in charge of the State Commission for Economic Restructuring, said the danger of infringements on the operational rights of enterprises arises from various government departments being unwilling to relinquish control to enterprises.

The minister said that in order to solve the problem, the central government has called on all departments and local governments to separate their governmental function from enterprise management, and to refrain from interfering or retaining any rights that should be handed over to enterprises.

On Friday, the central government announced a 54-article regulations concerning the transformation of the operational mechanism of state industrial enterprises. The regulation grants enterprises greater autonomy in 14 areas, including imports and exports, investments, labor, employment, and pricing and marketing, as well as the right to reject any apportionment of manpower, funds and materials.

According to the commission, China now has over 105,000 state industrial enterprises, of which over 10,000, or 2.5 percent of the total, are medium- and large-sized enterprises. However, the industrial output for the latter accounts for 45.6 percent of the total for state enterprises.

Chen said that government departments which violate the new regulation and force enterprises to execute mandatory planning tasks, or encroach upon or retain the operational rights of enterprises will be investigated and bear responsibility for a criminal act.

He noted that, in accordance with the regulation, government departments should create a favorable environment for the transformation of operational mechanisms. They should also provide services such as:

- Strengthening macro controls and management of different sectors in order to enhance the vitality of enterprises;
- —Fostering and developing a market system, while, at the same time, ensuring a greater role for market forces;
- Building and perfecting a social insurance system; and,

—Developing and improving public facilities used by enterprises in order to ease the social burden upon them.

Text of Regulations on Transforming State Firms OW2607112092 Beijing XINHUA Domestic Service in Chinese 1505 GMT 24 Jul 92

["Regulations on Transforming the Management Mechanisms of State-Owned Industrial Enterprises"—XINHUA headline]

[Text] Beijing, 24 Jul (XINHUA)—Chapter I. General Principles

Article 1. To assist industrial enterprises owned by all the people (hereinafter referred to as enterprises) to enter the market, to increase the enterprises' vitality, and to improve the enterprises' economic efficiency, these regulations are established in accordance with the "PRC Law Governing State-Owned Industrial Enterprises" (hereinafter referred to as the "Enterprise Law").

Article 2. The purpose of transforming the enterprises' management mechanisms is to enable enterprises to meet market demand; to turn enterprises into commodity production and dealing units that operate independently, take responsibility for their own profitability and losses, develop on their own, and practice self-restraint; and to turn them into independent enterprise juridical persons that enjoy civil rights and assume civil obligations.

Article 3. The following principles must be followed in transforming enterprises' management mechanism:

- (1) Adhering to the party's basic line;
- (2) adhering to the principle of separating government administration from enterprise management; ensuring the state's ownership of enterprises' property; maintaining and increasing the value of enterprises' property; practicing enterprises' management rights;
- (3) maintaining a balance between responsibility, authority, and profit; correctly handling the relationships between the state and enterprises and between enterrprises and workers; adhering to the principle of distribution according to work—linking workers' income to the results of their labor;
- (4) giving play to the nuclear role of CPC grass-roots organizations' in enterprises; implementing and refining the factory director (manager) responsibility system; wholeheartedly enlisting the help of the working class;
- (5) insisting on integrating efforts to deepen enterprise reform with efforts to upgrade enterprises' technology and to improve enterprise management;
- (6) while building a socialist material civilization, endeavoring to build a socialist spiritual civilization and

a corps of educated workers who have lofty ideals and good moral sense and who maintain good discipline.

Article 4. Centering on transforming enterprises' management mechanisms and following the principle of improving macroeconomic management and liberalizing microeconomic matters, the government must change its function and duty; reform the style of managing enterprises; establish and develop a market system; establish a social insurance system and endeavor to refine it; and institute reforms in a coordinated manner in planning, investment, financial, taxation, price, material supply, commercial, foreign trade, personnel, and wage systems.

Article 5. Party organizations, trade unions, and the Communist Youth Leagues of enterprises, as well as all staff members and workers of enterprises, should work to achieve the purposes of transforming enterprises' management mechanism and to accomplish enterprises' basic tasks as specified in the "Enterprise Law". All social sectors concerned should create favorable conditions for enterprises to transform management mechanism.

Chapter II. Enterprises' Management Authority

Article 6. Enterprises' management authority refers to enterprises' authority to occupy, use, and dispose according to law the property (hereinafter referred to as enterprise property) entrusted to them by the state for management and business purposes.

Article 7. Enterprises execute management authority according to law and to the asset management form established by the state. Enterprises' asset management form refers to the responsibility system that defines the relationships between the state and enterprises concerning responsibility, authority, and profits, and with which enterprises manage and use state-owned assets for business purposes.

The contract responsibility system for enterprise management should be continued and refined. Taxes paid by enterprises should gradually be separated from enterprises' profits; income tax rates should be unified; enterprises' after-tax burdens should be lifted; enterprises' loans will be repaid after taxes are paid. Appropriate conditions should be created to experiment with the shareholding system.

Article 8. Enterprises enjoy production and management decision-making powers.

Based on the state's macroeconomic planning and guidance as well as market demands, enterprises make their own decision on production and management matters, and decide what to produce and how they should serve society.

Enterprises may decide on their own to adjust their business scopes within their trade or to branch out to other businesses. Concerned government departments should provide support to enterprises' readjustment efforts and industry and commerce departments should re-register enterprises' readjusted businesses if such readjustments are in line with the state's industrial policy.

Based on actual needs, the state may issue mandatory production plans to enterprises. In executing the state's mandatory production plans, enterprises have the right to sign contracts, under the auspices of concerned government departments, with enterprises placing the orders. They also may request that state order contracts be signed according to the law with units designated by the government. Enterprises may refuse to execute mandatory production plans if enterprises placing orders or units designated by the government refuse to sign contracts.

For those mandatory production plans that are not accompanied by the supply of necessary energy and major materials and that are not supported by necessary transportation conditions, enterprises may ask for readjustment to the mandatory production plans, depending on enterprises' production capabilities and market conditions. Enterprises may refuse to execute mandatory production plans if departments issuing the plans refuse to make readjustments.

Enterprises may refuse to execute mandatory production plans issued by departments other than the State Council and planning departments of provincial-level governments, and concerned departments acting on their behalf.

Article 9. Enterprises have the right to decide the prices of products and labor services.

Prices of consumer industrial products produced by enterprises, except individual products—the prices of which are controlled by the price departments of the State Council or provincial-level governments—are to be decided by enterprises themselves.

Prices for the means of production produced by enterprises, except a few numbers of products included in the price division and management lists issued by State Council and provincial-level governments price departments, are to be decided by enterprises themselves.

Prices for processing, maintenance, technical assistance, and other labor services are to be decided by enterprises themselves.

If prices of certain products and labor services are governed by laws, these laws shall be in effect.

Article 10. Enterprises have the right of selling their products.

Enterprises may choose to sell, in any part of the country, their own products that are not governed by a directive plan, without blockades, restrictions, or other discriminative measures by any departments or local governments.

Products manufactured by enterprises under directive plans shall be sold in accordance with the ways set out by the plans. If the enterprise in demand or purchasing unit designated by the government should fail to abide by the contract, the enterprises have the right to stop production, to lodge a complaint with the government or relevant government departments to ask for their mediation and settlement, or to take legal action through the people's court in compliance with relevant terms of the contract or laws and regulations to hold the enterprise in demand or unit designated by the government responsible for a breach of contract. The enterprises may sell at their own discretion products already manufactured. After fulfilling production tasks set by directive plans, the enterprises may sell the overproduced goods at their own discretion.

Enterprises manufacturing products to be procured by specially designated units in accordance with state stipulations shall have the right to demand the signing of contracts with procuring units designated by the state. If the procuring unit should fail to conduct procurement in accordance with the contract, the enterprises may lodge a complaint with the government or relevant government departments to ask for their mediation and settlement or may take legal action through the people's court in accordance with relevant terms of contracts or laws and regulations to hold the procuring unit responsible for a breach of contract. The enterprises may sell at their own discretion products that are already manufactured in accordance with the contract but not procured by the procuring unit in compliance with the contract.

This provision shall not apply to products that are governed by other laws or banned from sale on the market by state orders.

Article 11. Enterprises have the right of purchasing goods and materials.

Enterprises have the right to demand the signing of contracts with enterprises producing or other parties delivering goods and materials that are supplied in accordance with directive plans.

For goods and materials other than those covered by directive plans, enterprises may select at their own discretion the supplying units, form of delivery, and variety and quantity of goods, and may freely sign contracts for orders and carry out redistribution of goods for materials.

Enterprises have the right to reject any units or channels designated by any departments or local governments in any manner for the supply of goods and materials not governed by directive plans.

Article 12. Enterprises have import and export rights.

Enterprises may select at their own discretion foreign trade agencies from any part of the country for carrying out their import and export businesses and have the right to take part in negotiations with foreign businessmen. Enterprises may freely utilize their share of foreign exchange earnings and carry out foreign exchange adjustments in compliance with relevant state provisions for foreign exchange control. No departments or units are allowed to make indiscriminate transfers or retain the enterprises' share of foreign exchange earnings, or to retain renminbi due the enterprises in return for the foreign exchange they turn in to the state on a compensatory basis.

Enterprises may contract projects outside the country, carry out technological cooperation, or provide other labor services in accordance with stipulations by the state.

In compliance with stipulations by the state, enterprises may import equipment, goods, and materials for their own use.

With the approval of relevant government departments, enterprises that have favorable conditions will be allowed to engage in import-export activities in accordance with the law without interference from any department or unit. Enterprises allowed to engage in import-export activities shall enjoy treatment similar to that of foreign trade enterprises in terms of import-export quotas and the issuance of permits.

Enterprises allowed to engage in import-export activities have the right to determine the number of personnel required to regularly exit and re-enter the country in accordance with business needs and to report the matter to competent government department for approval. The relevant government department shall adopt a one-time approval method to allow multiple exit and re-entry of enterprises' regular travelers, with one year's validity. When authorized by the State Council, enterprises allowed to engage in import-export activities may approve the exit of personnel or invite relevant personnel outside the country to enter China to carry out commercial activities, and report the matter to foreign affairs departments for direct handling of exit and reentry procedures.

Enterprises may utilize their own foreign exchange to arrange for the exit of personnel in accordance with actual needs to develop foreign trade activities.

Article 13. Enterprises enjoy the right to make investment decisions.

In compliance with the law and relevant regulations of the State Council, enterprises may make use of reserved capital, actual goods and materials, land-use rights, industrial property rights, and nonpatent technology to invest in various enterprises and industrial units in all localities within the country, as well as purchase and hold shares of other enterprises. With the approval of relevant government departments, enterprises may invest in or set up enterprises outside the country. Enterprises that utilize their own reserved capital and self-procurred funds to engage in productive construction activities in accordance with the state's industrial policy and industrial and regional development plans and are capable of solving construction and production problems on their own may initiate their own projects and report to relevant government departments for the record and accept supervision of the department. The relevant government department should base verification of the enterprises' capital on registered accounting offices or auditing offices and issue documents allowing the enterprises to initiate projects. After the land administration department, city planning department, the city construction department, and the environmental protection department have completed relevant procedures in accordance with the law, the enterprise may decide on when the projects should commence.

Enterprises planning to engage in productive construction but who are unable to solve construction and production problems on their own or are in need of government investment should report to the relevant government department for approval.

According to relevant state regulations, enterprises that require bank loans or the issuance of bonds to carry out productive construction activities should report to the relevant government department for joint examination and approval of the department and the bank or by the bank alone. Enterprises that require the use of overseas funds should report to the relevant government department for approval.

Enterprises that have utilized reserve profits to fund productive construction or to supplement working capital may apply, and the tax department may approve a 40-percent refund of income tax paid on the portion reinvested by the enterprise.

Enterprises may increase their new product development fund in accordance with their economic efficiency and ability and report the matter to the finance department for the record. According to the state's comprehensive regulations on depreciation of fixed assets, enterprises have the right to choose an overall depreciation method and to determine the rate of accelerated depreciation.

Article 14. Enterprises enjoy the right to decide on the applications of reserved capital.

Under the prerequisite of guaranteeing the protection and increase of the value of properties, enterprises will have the right to determine the proportion and purposes in utilizing funds that are retained by them after paying taxes to the state. They should report the decisions to responsible government departments for the record.

Enterprises may use their funds for production and development to procure fixed assets, carry out technological renovation, develop new products or supplement their revolving capital, or they may use funds for depreciation and major repairs, together with funds for production and development, to carry out technological renovations or to make productive construction investments.

Enterprises have the right to reject any nonreimbursable apportionment of funds retained by them or to order to turn in profits with their money reserved for depreciations and major repairs; however, they should abide by special provisions of the State Council.

Article 15. Enterprises have the right to dispose of their assets.

According to the requirements of production and operation, enterprises may make their own decision to lease, raise a mortgage on, or to transfer with compensation their general fixed assets. They may lease key facilities, whole sets of equipment, or major construction works to other units. With the approval of responsible government departments, those things may also be mortgaged and transferred to other units with compensation. Exceptions include certain things that are prohibited by laws and regulations.

The income obtained by enterprises from disposing of their productive fixed assets must only be used for replacing equipment and facilities or technological renovations.

In disposing of fixed assets, enterprises should assess their value in accordance with related state regulations.

Article 16. Enterprises have the right to operate jointly or merge oprations with other units.

Enterprises have the right to operate jointly with other enterprises or institutions according to the following methods:

- Enterprises may form a new economic entity with other enterprises or institutions and independently assume civil responsibility. Enterprises with legal person conditions may register and obtain the qualification of a legal person with the approval of concerned government departments;
- Enterprises and institutions may operate jointly and share civil responsibility in accordance with their proportion of capital or agreement;
- Enterprises and institutions may sign agreements for association and set rights and obligations. Various parties of such associations will operate independently and each will assume its own civil responsibility.

Based on the principle of voluntary application and reimbursement, enterprises may merge other enterprises and report such cases to the responsible government department for the record.

Article 17. Enterprises have the right to hire workers.

In accordance with the principle of being geared to society's needs, publicly recruiting workers, evaluating all applicants and selecting and hiring the best ones, enterprises will have the right to make their own decisions regarding time, conditions, and methods for hiring and the number of jobs. The enterprises will abide by stipulations of laws or regulations of the State Council in hiring workers. Enterprises should recruit workers from cities and towns where those enterprises are located, and the hiring will not be limited by administrative divisions of those cities and towns.

In employing military personnel relieved from active duty, ethnic minorities, women, and disabled persons, enterprises should comply with the provisions in existing laws and regulations from the State Council.

Enterprises, which request schools to train, on their behalf, students with a fixed purpose, are responsible for their employment upon graduation. Under the same conditions, such students have priority in employment over other students graduating from institutions of higher learning, secondary specialized schools, and technical schools.

On the condition that they pass enterprise evaluations, personnel released after serving a prison sentence can be employed in the same capacity as other personnel awaiting employment in society. Job arrangements for prisoners retaining worker's status while they are serving a sentence, for the period when they are to be released, should be made by the formerly employing enterprise.

Enterprises have the right to decide on the form of employment. They may practice contractual management or the all-personnel labor contract system. They may sign labor contracts with workers with or without a fixed period, or on the basis of completing a specific production assignment. Enterprises and workers are entitled to rights and duties as stipulated in labor contracts.

Enterprises, on the basis of ensuring a fixed number of employees and through open examination and evaluation, have the right to select employees according to their merits and to enforce a rational combination of labor. As for surplus personnel, enterprises may help them find jobs through developing service trades, offering training in other posts within the same factory, allowing early retirement, or taking other measures; while relevant government departments may help surplus personnel transfer to other work units through inter-factory exchanges or employment agencies. Surplus personnel may find jobs on their own.

Enterprises have the right to terminate a contract and to dismiss and fire workers and staff according to laws, statutes, and enterprise regulations. Workers and staff who are dismissed and fired because of the termination of a labor contract shall, by law, be provided with unemployment insurance benefits by unemployment insurance institutions; labor departments should provide the opportunity for reemployment. Local public security

and grain departments should allow dismissed personnel who are under collective household registration, to apply for the formalities for moving household registration and receiving grain rations; while subdistrict offices in cities should accept such applications.

Article 18. Enterprises are entitled to the power of personnel management.

Enterprises exercise the power of personnel management independently according to the principles of stressing both ability and moral integrity and employing people on their merits and to the requirement of combining responsibilities with rights.

Enterprises may practice the appointment or evaluation system on their managerial and technical personnel. They may assign managerial and technical personnel who are dismissed from their appointments or are not reappointed, to other jobs, including those of workers. Enterprises may select and appoint managerial and technical personnel from among outstanding workers. With the approval of relevant government departments, enterprises may invite applications for technical and managerial posts from outside the territory.

Enterprises have the power to set up practical posts for specialized technicians within an enterprise as deemed necessary. Enterprises shall decide on their own the post and remuneration of personnel having the title of specialized technicians designated under the state's unified regulations.

Middle-level administrative personnel for enterprises shall be appointed and dismissed (assigned and discharged) by the director of an enterprise according to state regulations. The appointment and dismissal (assignment and discharge) of administrative personnel at the deputy director level shall be submitted by the director to the relevant government department for approval; or the relevant government department shall authorize the director to appoint and dismiss (assign and discharge) such personnel and report to the relevant government department for the record; unless otherwise stipulated by the law.

Article 19. Enterprises enjoy the right to decide on the distribution of wages and cash awards.

The enterprises' total sum of wages should be determined by linking the total sum of wages specified by the government to economic efficiency; within the relevant total sum of wages allocated, enterprises have the authority to decide on the use and distribution of wages and cash awards.

Enterprises have the authority to decide on the level of wage and cash awards distribution according to the workers' labor competency, labor intensity, labor responsibility, labor conditions, and actual contributions. Enterprises may implement a job-oriented wage system or other wage system suitable to the enterprise's special characteristics, and choose a suitable overall distribution method.

Enterprise have the authority to formulate regulations on promotions and pay raises and demotions and pay cuts, and to decide on the conditions and timing for taking such actions.

Unless otherwise specified by the State Council, enterprises have the right to refuse requests from any department or unit to reward workers with cash awards, promotions or pay raises.

Article 20. Enterprises enjoy the right to decide on the organization of international divisions.

Enterprises have the authority to decide on the setup, adjustment, and dissolution of international divisions; as well as the size of staffing. Enterprises have the right to refuse requests from any department or unit regarding the setup of a corresponding division, the specified size of staffing, or compensation levels for various positions—areas otherwise specified by law or the State Council's special regulations must be adhered to.

Article 21. Enterprises enjoy the right to refuse prorations.

Enterprises have the right to refuse proration of manpower, materials, and financing from any department or unit. Enterprises may report, expose, or complain about proration activities to the audit department or other relevant government departments for action to be taken.

Unless otherwise specified by law or State Council regulations, enterprises have the right to refuse any department's or unit's inspection, appraisal through comparison, selection through appraisal, assessment on target achievement, recommendation for promotion, quality appraisal, examination, or assessment.

Article 22. An enterprise's management authority is protected by law—no department, unit, or individual should interfere with or encroach upon this authority.

Enterprises have the right to complain or report to the people's government or relevant government departments about illegal interference and encroachment of enterprise's management authority, they may also file charges with the people's court in accordance with the law.

Chapter III. Enterprises Are Solely Responsibility for Their Own Profits and Losses

Article 23. Enterprises assume civil responsibility with the properties which the state authorizes them to manage.

Enterprises assume civil responsibility for the operational activities conducted by their legal representatives or other staff members in the name of legal person. A plant director assumes direct management responsibility for profits and losses of the enterprise. Staff members and workers assume relevant responsibility for profits and losses in accordance with the system of economic responsibility practiced in their enterprise.

Article 24. Enterprises must establish the mechanisms for restraining and supervising their distribution.

Enterprises must keep the range of total wage increases below the range of increases in economic returns (calculated according to their profit delivery and tax payment figures). The range of actual average wage increases for workers and staff members must be kept below the range of increases in the labor productivity (calculated according to net output value) of their enterprises.

Total wages should include the wages, bonuses, allowances, subsidies and other payments of a wage nature received by workers and staff members. Any bonuses not included in the total wages should be abolished.

Enterprises must decide on increases or decreases of income for their workers and staff members according to the increase or decrease of their economic returns.

Enterprises should submit new or readjusted base figures of the total wages for their workers and staff members to the government departments concerned for examination and approval. The total wages paid by any enterprises operating with losses must not exceed the amount decided by the government departments concerned.

The wage readjustment plan and the bonus distribution plan of any enterprise must be examined and endorsed by its workers' congress. The plant director's wage after any new promotion should be submitted to the government department concerned for examination and approval. Enterprises should accept supervision by government departments concerned with respect to their wage and bonus distribution. If conditions permit, their wage and bonus distribution plans may be examined by accountants or auditors who are registered with and certified by the government departments concerned.

The government department in charge should promptly stop and correct any enterprise violations of this article. Any illegitimate payments made to workers and staff members should be gradually deducted from their future wages and completely returned to the state by a prescribed date—deductions should begin from the day of discovery of the illegitimate payments.

Article 25. Enterprises should retain no less than 10 percent of the increased portion of their annual total wages and use it at their own discretion as the enterprise wage reserve fund. They should stop annual retention when the accumulated wage reserve fund reaches their annual total wages.

Article 26. If an enterprise completes profit delivery to the state for three consecutive years and increases its assets, the government department in charge shall properly reward the plant director or other plant leaders; cash awards shall be issued by the department which decides the reward.

If an enterprise stops losses and begins to make profits within the prescribed time under the management of a new plant director, the government department in charge shall properly reward the new plant director or other plant leaders and cash awards shall be issued by the department which decides the reward.

Article 27. If an enterprise under the contractual managerial responsibility system fails to fulfill its profit delivery obligations, it should make up for the failure with its risk mortgage fund, wage reserve fund, and retained profits.

If an enterprise operating under a lease fails to attain the business targets or pay rents as prescribed by the lease, it should make up for the failure with its risk mortgage fund, the fund retained for living expenses, and the lessee's income. If these financial sources are insufficient to make up for the failure, the shortage shall be made up for with the collaterals provided by the lessee and the guarantor.

Article 28. If an enterprise incurs losses of a policy nature due to public welfare burdens stipulated by the government, production of mandatory plan products, or government-set prices, the commodity price department should solve the problem by readjusting or decontrolling the prices of relevant products in a planned way. If the prices cannot be readjusted or decontrolled, the enterprise may receive proper subsidies or other compensation with the approval of the financial department. If the losses continue after the aforesaid measures are taken, they shall be handled as operational losses.

Article 29. If an enterprise incurs operational losses due to poor management, its plant director, other leading personnel, and workers and staff members should assume appropriate responsibility according to their duties.

If an enterprise incurs operational losses for the first year, it should properly reduce its total wages, and its plant director, other leading personnel, and the persons directly to blame for the losses should not receive any bonuses. If the losses are serious, the wages of the plant director, other leading personnel, and workers and staff members should be reduced according to their responsibility.

If an enterprise incurs operational losses for two consecutive years and the amount of losses continues to increase, it should reduce its total wages, stop bonus issuance for all personnel, and properly reduce the wages for its plant director, other leading personnel, and workers and staff members according to their responsibility. Necessary readjustment may be made to its leading body, and members of the group may be removed from office or demoted in rank or position.

If an enterprise has incurred losses for a long time before these regulations are put in force, its problem shall be handled according to relevant stipulations of the State Council after its stocks and assets are reappraised.

Article 30. Enterprises must strictly implement the financial, taxation and state property management laws and regulations, conduct regular inventory and auditing, keep accurate accounts, make truthful business reports, and strive to keep or increase the value of its assets. They must not report false profits.

Enterprises should establish the balance sheet system and the profit and loss appraisal system according to relevant government stipulations, and submit annual financial report to the government departments concerned for the latter's perusal. If conditions permit, their reports should be examined by registered accountants or auditors before being submitted to the government departments concerned.

Enterprises must accurately compute their costs according to relevant government stipulations, fully retain depreciation funds and major repair expenses, and replenish circulating funds. If, for the purpose of exaggerating profits or concealing losses, an enterprise retains no or less depreciation funds and major repair expenses, underreports costs, or makes no debt repayment, the departments concerned should instruct it to make good with its capital fund.

Production-related depreciation fund, major repair expenses, new products development fund, and income from disposal of productive fixed assets should not be used in wages, bonuses, or collective welfare.

Chapter IV. Change and Termination of Enterprises

Article 31. Enterprises may readjust their production mix and organization, make rational disposition of resources, and eliminate inefficient units by shifting production to other products or suspending production while making improvements by merger, division, disbandment, or bankruptcy.

Article 32. An enterprise should shift its production to other products if its main products do not conform to government industrial policies and are unmarketable, causing a serious overstock. In order to achieve greater economic returns, enterprises may take the initiative in shifting their production to other products according to market forecasts and their own conditions.

Article 33. If an enterprise incurs serious operational losses, it may take the initiative in suspending production while making improvements with the approval of the higher authorities. The suspension of production for improvements may also be instructed by the government department in charge. The suspension of production for improvements usually does not exceed one year in length.

The enterprise involved in the suspension of production for improvements should formulate an improvement plan. The plan should have sections dealing with the following major areas: Objectives and detailed plans for improvements, measures to readjust the organization and the product mix, measures to improve production and operations, measures to readjust departments and personnel, measures to stop losses and make profits, and measures for debt repayment.

If enterprises decide to suspend production for a reorganization, their plans for suspending production and reorganizing are to be implemented by enterprises themselves after the plans are approved by a competent government department. Plans for suspending the production and carrying out the reorganization of enterprises that are ordered to suspend production for reorganization are to be drawn up by a legal representative designated by a competent government department, and are to be implemented after the plans are approved by the government department.

During the period of production stoppage and reorganization, effective measures must be taken to protect the enterprise's property. No one is allowed to steal, damage, embezzle, privately carve up, hide, or transfer enterprise property to others without making some compensation.

During the period of production stoppage and reorganization, financial departments should temporarily exempt enterprises from paying contracting profits; enterprise bankers should allow enterprises to defer payment of loan interests; enterprises should stop issuing bonuses.

Article 34. The government may decide or approve the merger of enterprises. The merger of enterprises of ownership by the whole people decided or approved by the government may be carried out in the form of transferring one enterprise's assets to another enterprise without compensation. Plans for a merger may be proposed by a competent government department or by the enterprises themselves. A merger agreement is to be signed under the supervision of a competent government department after the terms of the merger are agreed upon by all parties concerned. After a merger is made, the creditor's rights and debts of the individual enterprises concerned become the creditor's rights and debts of the consolidated enterprise.

Enterprises may decide on their own to annex other enterprises. Annexing enterprises is a form of merger with compensation. Prior approval should be gained from a competent government department before annexing enterprises. The creditor's rights and debts of the annexed enterprises become the creditor's rights and debts of the annexing enterprises. Annexing enterprises and creditors may sign agreements on repaying debts by installment or on reducing or writing off debts. Depending on the situation, concerned government departments may regularly reduce the amount of profits to be paid by annexing enterprises. Annexed enterprises'

bankers may exempt their clients from paying loan interests or allow them to pay interests at a lower rate. With their bankers' approval, annexed enterprises that shift to the tertiary industry may stop paying interests for two years and pay interests at half rate for another three years.

Article 35. With the government's approval, an enterprise may be split up into several enterprises. In this case, all split enterprises should sign an agreement specifying each split enterprise' property, creditor's rights, and debts.

Article 36. At the proposal of a competent government department, with the approval of a provincial government or a competent department of the State Council, and on the condition that they guarantee repayment of their debts, enterprises that continue to lose money after they have suspended production for reorganization and that are unable to be merged, and enterprises that should be shut down because of other reasons, may be disbanded according to law. After an enterprise is disbanded, its assets are to be liquidated by a liquidation group formed by a competent government department.

Article 37. Enterprises' debts should be repaid with their retained fund. If their retained fund is not enough to cover their debts, their property may be used as mortgage according to law to ensure that their debts will be repaid.

Enterprises that are unable to repay their debts which are due and that meet the legal conditions of bankruptcy should be declared bankrupt. If the government deems that an enterprise should not be declared bankrupt, it should provide aid to the enterprise or take other measures to help it repay its debts.

After an enterprise is declared bankrupt, other enterprises may sign agreements with the bankrupt enterprise's liquidation group on taking over the bankrupt enterprise, and—according to the agreements—assume the debt obligation decided by a court, take over the bankrupt enterprise, and arrange placement for the bankrupt enterprise's workers. In addition, these enterprises can enjoy the benefits for annexing enterprises, as specified in paragraph two of article 34 of these regulations.

Article 38. Efforts to modify and shut down an enterprise shall be carried out according to stipulations carried by our laws and regulations, after obtaining approval by and after registering with the administrations for industry and commerce, and after registering with the administrations for state property for changes in property rights and nullification of registration.

Article 39. Competent government departments shall be responsible for making relevant arrangements for workers and staff members of enterprises which are to be disbanded by the government.

Arrangements shall be made, according to relevant stipulations of laws and regulations, for workers and staff members of enterprises facing bankruptcy.

Arrangements shall be made for workers and staff members of enterprises undergoing merger by the merged enterprise or by the acquiring enterprise.

An enterprise set up to accommodate excessive workers and staff members, which conducts business accounting independently, and which is involved in the tertiary industry shall be exempted, effective from the date of the beginning of its operation, from paying income tax for two years and shall be required to pay only half of the sum of the required income tax for three years.

Chapter V. Relations Between Enterprises and the

Article 40. The government shall, in accordance with the law, coordinate, supervise, and administer activities of enterprises and provide services to them, based on the principle of separating the duties of the government and the enterprises.

Article 41. Assets of enterprises belong to the people, that is, to the state. The State Council shall exercise the proprietary rights over these assets on behalf of the state.

The assets of enterprises refer to the various types of assets the state has invested in enterprises, assets which have been gained through such investments, and other assets considered owned by the people or put under the management and administration of enterprises by law or according to the administrative statutes regarding the control of state-owned assets.

- Article 42. To guarantee the proprietary rights of enterprise assets, the government and relevant departments shall separately perform the following duties:
- (1) Examine indicators showing stability and increment in the values of enterprise assets and conduct examinations over and supervise the auditing of debts, profits, and losses incurred on the assets of enterprises;
- (2) decide on how to divide profits reaped using the assets and on the proportions or amount to be shared between the state and enterprises according to relevant State Council stipulations;
- (3) make decisions regarding and approve productionrelated construction projects for enterprises according to relevant stipulations by the State Council—not including investment projects carried out based on the decision of the enterprises themselves, as stipulated in Article 13 of these regulations;
- (4) decide on or approve the method of management for enterprise assets and the establishment, merging (not including acquisition), division, shutdown, and auctioning of enterprises, as well as the approval of applications made by enterprises to conduct acquisitions and to declare bankruptcy.

- (5) Examine and approve, according to relevant stipulations by the State Council, reports concerning damages on and the using up and forfeiting of enterprise assets as well as the mortgaging and compensated transfer of key equipment, whole sets of equipment, and important buildings; and handle the liquidation, receiving, and handing over of assets of enterprises which have been annulled or disbanded;
- (6) decide on or approve, according to terms and procedures provided for in the law, the appointment and removal (employment and dismissal), awarding, and punishment of directors of enterprises;
- (7) draw up laws and regulations to manage enterprise assets and conduct supervision and examination on the enforcement of such laws and regulations;
- (8) protect the exercising, by enterprises, of their business rights, according to law; guarantee enterprises non-intervention in their production and operating activities; and help enterprises overcome practical issues.
- Article 43. The government should take the following measures to strengthen macro economic regulation and control and to establish a macro economic regulation and control system that helps increase enterprises' vitality and helps the economy function in an orderly manner:
- (1) Drawing up economic and social development strategies and principles, as well as an industrial policy; maintaining a balance between total supply and demand; drawing up a plan for readjusting industrial setups;
- (2) Using interest rates, taxation, exchange rates, and other economic means, as well as price policies, to regulate, control, and direct enterprises' behavior;
- (3) Based on established industrial policy and scale economic requirements, provide guidance for enterprises' organizational restructuring and for them to reasonably use resources;
- (4) Helping enterprises establish a personnel system, wage system, financial system, cost system, accounting system, depreciation system, income distribution system, and taxation management system that are befitting to commodity economic development, and working to refine these systems; establishing a system of economic indicators for evaluating enterprises' economic performances; gradually including all wage income earned by workers in cost management;
- (5) Encouraging enterprises to modernize their production technology; holding technical and vocational training classes for enterprises; providing information and counselling for enterprises' decision-making and business dealings.
- Article 44. The government should take the following measures to develop a market system, refine it, and bring the market's regulatory role into play:

- Breaking up regional and departmental isolation and blockades; developing a unified nationwide market of fair competition that is governed by sound rules, and working to refine this market;
- (2) Based on overall national economic development planning and setups, drawing up a plan for coordinating the establishment of a market of means of production, a labor market, a financial market, a technology market, an information market, and a market for the transfer of enterprise property rights; working to develop and refine the market system;
- (3) Issuing market information; strengthening market management; preventing illegal business dealings and inappropriate competitions.
- Article 45. The government should take the following measures to establish a social insurance system and work to refine it:
- (1) Establishing an old-age pension system—a system that combines basic old-age pensions, enterprises' supplementary old-age pensions, and workers' personal savings, and working to refine the system;
- (2) Establishing a workers unemployment insurance system and working to refine it, so that unemployed workers can receive a certain amount of insurance payment for a certain period and their daily basic needs are taken care of:
- (3) Establishing a medical insurance system, an accident insurance system, and a pregnancy insurance system.
- Article 46. The government should take the following measures to provide social services to enterprises:
- Developing public facilities and utilities related to enterprises and working to improve them; easing the social burdens of enterprises;
- (2) establishing and developing accountants offices, auditing offices, employment agencies, law offices, assets appraisal organs, information service centers, counselling centers, and other social service organizations;
- (3) improve the labor employment service system, train personnel awaiting employment, and help them find employment;
- (4) improve the arbitration system for labor disputes, promptly and skilfully handle labor disputes, and protect the legitimate rights and interests of enterprises, workers, and staff members;
- (5) coordinate relations between enterprises and other units and guarantee regularity in the production and operation of enterprises.

Chapter VI. Legal Responsibilities

Article 47. Relevant government departments which violate these regulations or which commit one of the following acts shall be ordered to make amends by their

- superior organs; in cases which are serious, competent personnel and people who bear direct responsibility shall be given disciplinary sanctions by organs at the same levels or relevant superior organs; and if the acts constitute a crime, the judicial bodies shall affix responsibility for the crime according to law. The government departments are:
- Those which overstep and abuse the limits of administrative authority to relay directive plans and force enterprises to implement them;
- (2) those which interfere with enterprises in executing the right to make investment decisions or which commit major mistakes in the examination and approval of major investment projects of enterprises;
- (3) those which infringe upon the right of enterprises to purchase materials or sell their products by means of such discriminating measures as blockade and restriction;
- (4) those which meddle with or repress the products of enterprises and the right of enterprises to fix prices for labor services;
- (5) those which restrict or repress enterprises' right to import and export goods or those which indiscriminately transfer, seize, or misappropriate the portion of foreign exchage retained by enterprises for their own use;
- (6) those which repress or transfer without compensation funds retained by enterprises for future use or those which interfere with enterprises' rights to handle assets;
- (7) those which force enterprises to reward, promote, and increase the salary of workers and staff members and those which interfere with enterprises in the recruiting, dismissal, or expelling of workers and staff members and the termination of labor contracts;
- (8) those which fail to observe legal procedures and terms when appointing or dismissing factory directors and factory-level leaders and those which interfere with factory directors in the execution of the right to appoint and dismiss middle-level administrative and management personnel of enterprises;
- (9) those which force enterprises to set up organs for certain purposes, determine the size of enterprise staff, and fix the pay and conditions for each grade and those which violate the laws and State Council stipulations in conducting inspections and appraisals, choosing the best performers, ascertaining if targets have been achieved, carry out upgrading efforts, appraising quality, and conducting examinations and verifications in enterprises;
- (10) those which illegally demand that enterprises provide manpower, materials, and funds and those which strike back at and seek revenge on enterprises which refuse to apportion money to them;

- (11) those which prevent or force enterprises to carry out organizational restructuring without following legal procedures and terms;
- (12) those which fail to abide by the law in performing the duties of supervising and inspecting enterprises or those which illegally interfere with the right of enterprises to operate and infringe upon the legitimate rights and interests of enterprises.
- Article 48. Enterprises which violate stipulations carried by these regulations and commit one of the following acts shall be ordered to make amendments by the government or relevant government departments; in cases which are serious, factory directors and other factory-level leaders and people who bear direct responsibility shall be investigated and affixed the responsibility of administration and given the economic punishment, and relevant enterprises shall be given corresponding disciplinary punishment according to relevant laws and regulations; in cases where an act constitute a crime, the judicial bodies shall affix the responsibility for the crimes committed according to law. The enterprises are:
- (1) Those which fail to follow stipulations when carrying out directive plans or those which fail to fulfill their economic contracts and have been behind their loan payments for a long time;
- (2) where the enterprise, without authorization, raises prices on products whose prices are set by the state;
- (3) where the enterprise starts a construction project without going through the required project approval procedures;
- (4) where the enterprise suffers financial losses because, as a result of errors in policymaking, it is unable to put a construction project into operation as scheduled, or, after the project is put into operation, the goods produced are not selling well and investment returns are poor:
- (5) where the enterprise suffers financial losses through reckless borrowing and is unable to repay its debt;
- (6) where the enterprise suffers financial losses through unauthorized selling of its key equipment, complete sets of equipment, or essential buildings;
- (7) where there is an abuse of power over employment, personnel administration, and wages or infringement upon staff members' and workers' legitimate rights and interests:
- (8) where the enterprise artificially inflates its profits or rigs accounts to make itself appear to be in the black by, in violation of financial regulations, not deducting or deducting the full amount of the depreciation fund or fund for major overhaul, underreporting production costs through falsification, or not making a full listing of its liabilities;

- (9) where the enterprise spends proceeds from productive depreciation charges, funds for major overhaul, funds for development of new products, or disposal of productive fixed assets on wages, bonuses, or collective welfare projects;
- (10) where the enterprise suffers losses due to mismanagement or illegal disposal of enterprise assets while it undergoes modification or termination;
- (11) where the enterprise suffers losses or goes bankrupt due to mismanagement;
- (12) and other abuses of operational authority in violation of the provisions of these regulations.
- Article 49. Anyone who obstructs a factory director or management personnel at various levels in the execution of their duties according to the law or who disturbs the order of an enterprise and disrupts the normal work progress of production and operation shall be penalized by the public security authorities in the area in which the enterprise is located in accordance with regulations governing offenses against public order. Where circumstances are serious and the act constitutes a crime, the people involved shall be investigated for criminal responsibility.

Chapter VII. Supplementary Provisions

- Article 50. The present regulations are applicable to state-owned traffic and transport industries, post and electric services, environmental exploration and prospecting, construction and installation concerns, and commercial, foreign trade, forestry, water conservation, goods and materials, and science and technology enterprises.
- Article 51. Where previously promulgated administrative regulations, local statutes and regulations, and other administrative documents are conflict with these regulations, these regulations shall take precedence.
- Article 52. The right to interpret these regulations resides with the State Economic Restructuring Commission. The Economic and Trade Office of the State Council and other relevant department shall organize efforts to implement them.
- Article 53. Relevant departments of the State Council and the provincial, autonomous regional, and municipal people's governments may formulate procedures for implementing these regulations.
- Article 54. These regulations shall go into effect on the day of their promulgation.

Jan-Jun Tax Collection Work 'Favorable'

OW2607125992 Beijing XINHUA Domestic Service in Chinese 1055 GMT 25 Jul 92

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 25 Jul (XINHUA)—According to information gathered by this reporter from the national taxation conference that opened today, our country's taxation work during the first six months of this year was in a favorable state—something seldom witnessed in recent years. According to statistics, industrial and commercial tax revenues totaled 125.4 billion yuan from January to June, up 16 percent from the same period a year ago. They account for 50.7 percent of the annual planned quota, a figure that reflects how the fulfillment of taxation work kept pace with the passage of time. Moreover, tax reimbursements on exports during the first half of this year amounted to 9.07 billion yuan, an achievement that rendered effective support to efforts aimed at earning foreign exchange through exports.

The fairly good results in collecting tax revenues during the first six months primarily stemmed from the national economy's rather rapid growth rate. Working essentially to comply with and serve the overall interests of reform and openness, taxation agencies at all levels throughout the country instituted a variety of effective measures, persisted in administering taxes according to law, strictly implemented taxation policies, went all-out to promote production and increase revenues, spared no efforts in improving tax collection and administration, and ensured a steady increase in tax revenues.

Jin Xin, director of the State Administration of Taxation, cautioned today: No significant results were achieved in cutting heavy losses because of the failure to thoroughly resolve deep-seated contradictions in economic activity, and also because of the irrational economic structure and the poor economic efficiency of enterprises. Moreover, shortages of funds led to a continuing increase in tax defaults. Steps taken by some localities to delegate power regarding the extension of tax reduction and exemption, to institute various measures concerning tax reduction and concessional measures regarding profits, and to assign fixed turnover tax quotas will affect revenues during the latter half of this year. For this reason, we must not let down our guard.

Jin Xin said emphatically: The state has yet to thoroughly alleviate its financial hardships. To fuel and ensure greater and faster growth in the national economy, we must achieve a maximum reduction in the budget deficit and strive to increase tax revenues. He noted: To ensure the fulfillment of taxation work for the entire year, taxation agencies at all levels should strictly enforce taxation policies, take overall interests into account, and foster a spirit of coordination throughout the nation over the next six months, while advancing tax reforms and improving tax collection and administration. All collectible revenues, whether central or local, should be collected pursuant to tax codes; no "differential treatment" should be accorded. Localities that have collected quite sizable revenues should work hard to collect more, while those lagging behind should assume a highly responsible attitude toward the state and employ all means to fulfill their taxation tasks.

Jin Xin stated: Since the beginning of this year, various localities have enacted quite a few taxation policies and measures in keeping with the quickening pace of reform and opening up. Some departments and enterprises have stepped up the call for slashing taxes and for adopting concessional measures regarding profits. Jin Xin urged taxation agencies at all levels to keep tax reduction and exemption under strict control. If tax reduction and exemption are indeed warranted because of hardships under state industrial policies, we should handle relevant matters within the lines of management authority prescribed by the tax codes. No individual may arbitrarily decide to grant tax reduction and exemption. Enterprises whose tax reduction and exemption period has expired should promptly resume paying taxes, and they may not expand the range or extend the period of reduction and exemption without authorization.

Taxation Administration To Introduce Reforms

OW2707132692 Beijing XINHUA Domestic Service in Chinese 2251 GMT 24 Jul 92

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 25 Jul (XINHUA)—The State Administration of Taxation will soon institute certain major measures to reform the taxation system in an effort to promote and ensure smooth progress in the drive toward reform and opening up.

It is understood that the measures to be implemented by the State Administration of Taxation will primarily include those aimed at reclassifying, simplifying, and combining some tax categories in order to accelerate reform in the areas of turnover tax, enterprise income tax, and personal income tax. They will also include initiatives designed to readjust some taxable items and tax rates to ensure equitable taxation, to promote competition on an equal footing, and to improve relations in income distribution. Steps will also be taken to quicken the process of enacting laws on tax collection and management as a means of further regulating the conduct of tax collectors and taxpayers through legal procedures. Tax collection and management methods will be improved through the vigorous promotion of an open taxation system, the simplification of taxation procedures, and the improvement of work efficiency. Measures will also be implemented to improve the management of tax refunds on exports by redefining certain lines of authority in tax management and by granting local authorities certain decisionmaking powers.

The State Administration of Taxation recently decided to reorganize, on a proper scale, current tax inspection offices in various parts of the country. It also decided to discontinue, at an appropriate time, the practice of withholding wholesale tax and to institute a new mechanism for controlling and managing the tax revenues of self-employed businessmen.

It is understood that in reorganizing tax inspection offices, the State Administration of Taxation will

operate under the following principles: firmly refusing to permit the establishment of nonessential tax inspection stations; merging tax inspection offices with other departments if possible; maintaining, with the approval of provincial people's governments, essential tax inspection offices at bus terminals, wharves, and airports, and in leading producer areas of major taxable products; and exercising strict management of these offices through efforts to improve the work style and to earnestly implement relevant policies and statutes.

Jin Xin, director of the State Administration of Taxation, said: While intensifying our efforts to reform and revamp the taxation system, we must uphold the principle of introducing a uniform tax code, disallowing the assignment of fixed turnover tax quotas, strengthening taxation organs, and maintain a certain amount of centralization in tax management authority. In particular, we must maintain centralized power under the name of the PRC in foreign-related taxation work.

State Firm's Taxes Reduced to 33%

HK2507043892 Beijing CHINA DAILY in English 25 Jul 92 p 1

[By staff reporter Wang Yong: "Tax Reform To Cut Rates for State Enterprises"]

[Text] China is at the doorstep of a new tax system that it hopes will prod new life into its large and mediumsized State-run enterprises.

At the core of this new tax reform is a uniform income tax rate of 33 percent for all domestic enterprises.

That would remove a heavy tax burden from large and medium-sized State-owned enterprises that currently send 55 percent of their income to State coffers.

Jin Xin, head of the State Taxation Bureau (STB), is expected to explain the reform to a national conference on taxation in Beijing today.

But a timetable for formal application of the new tax system is still open to discussion.

Jin said tax masterminds should also actively study the feasibility of a uniform income tax rate for domestic and overseas-funded enterprises in China.

At present foreign-funded enterprises enjoy more favourable tax treatment than their domestic counterparts.

Jin warned against local practices of granting favourable tax treatment to foreign investors beyond the State's set standard.

Jin said these tax policies would arouse scepticism among foreign investors over the sincerity of China's foreign trade policies. The retooling of the tax regime also covers the turnover tax on commodity circulation, which will boost the development of the service industry, Jin said.

The country is considering expanding its tax scope for natural resources and setting up a legacy tax.

"The reformed tax system will have 18 tax items falling into five categories: turnover tax, income tax, natural resources tax, special tax and property tax," Jin said.

Jin said the Central Government is expected to give more freedom to local governments in taxation administration and the raising of tax revenue.

"The purpose is to establish a healthy separate taxation system in which the central and local governments have clear responsibilities," he said.

China's first comprehensive tax administration law is expected to come out soon to cover both domestic and overseas-funded ventures.

China's industrial and commercial tax revenue in the first half of this year rose by 16 percent over the corresponding period last year to 125.4 billion yuan (\$23.2 billion), fulfilling 50.7 percent of the target set for the whole year.

Jin attributed the jump mainly to fast growth in industry, a brisk market, increased foreign investment and trade volumes.

However, he pointed out some problems facing the State tax revenue system in the next six months:

- —Poor corporate efficiency, which still haunts many enterprises;
- —A capital shortage that has caused a snowballing of tax arrears owed by enterprises;
- —A short supply of certain kinds of raw materials and a strain on transport, especially railroad transport;
- —Some local governments granting undue preferential tax breaks and even contracting out turnover tax.

He insisted that turnover tax must not be contracted out to enterprises because it is a country's most fundamental taxation leverage.

Jan-Jun Rural Industry Output Up 29.6% Over '91 OW2407110392 Beijing XINHUA in English 0940 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—The total output of China's township and village-run enterprises, which has increased annually at an average of 29.6 percent in the '80s, achieved a higher speed in the first six months of this year.

Officials in charge of rural enterprises attributed the situation to the country's new efforts to expand an

export-oriented economy, the faster pace in technological upgrading as well as the deepening of the ongoing reform.

According to incomplete statistics surveyed by the Ministry of Agriculture, in 26 provinces, autonomous regions and municipalities, the total output of their rural industry reached 525.3 billion yuan (about 95 billion U.S. dollars), a 38 percent rise over the same period of last year.

In several provinces and regions, including Anhui, Jiangxi, Jiangsu and Guangxi, their rural industrial output in the first half year went up by over 50 percent over last year.

According to the sources, in the first six months, the country's rural industry exported more goods.

Information supplied by 23 provinces shows that local rural enterprises exported a total of 13 billion yuan (about 2.4 billion U.S. dollars) worth of goods in the period.

More funds have been spent on technological enhancement, according to the ministry. For instance, Jiangyin city in Jiangsu Province plans to invest one billion yuan (about 185 million U.S. dollars) for this purpose.

In the meantime, many of the enterprises have further stepped up their reforms in management and structure by implementing stock systems, improving the responsibility systems and forming enterprise groups to achieve better economic performances.

CAS Article on Ways To Solve Rural Unemployment HK2507030692 Beijing GUANGMING RIBAO in Chinese 4 Jul 92 p 3

[Article by Chen Jiyuan (7115 0679 0337) and Yu Dechang (1662 1795 2490) of the Rural Development Research Institute Under the Chinese Academy of Social Sciences: "Basic Policies To Deal With Rural Employment in 1990's"]

[Text] The grim employment reality in the rural areas is not quite optimistic, although China has made marked achievements in rural employment in the 1980's. In 1990, there were 420 million laborers in China. Of these, 330 million were agricultural laborers. Estimated according to a typical survey, under the conditions of the existing agricultural production level, only 200 to 220 million agricultural laborers are needed, whereas the remaining 1 million are superfluous. This surplus does not openly show itself but exists in a concealed unemployment manner. In other words, it manifests itself mainly in inadequate employment. Therefore rural employment in the 1990's is still one of the difficult problems in economic development. What are the methods to solve it? We would like to raise some yet-to-mature ideas.

Increasing Force of Reform, Reducing Supply of Laborers

A fundamental measure to reduce the supply of laborers is to lower the population growth rate. China's annual population growth is about 15 million, equivalent to Australia's total population. Newborns require employment in 15 years, thus causing tremendous pressure on the country. Therefore it is a task of top priority to reduce the population growth rate by practicing family planning. This is also a long-term state policy. But the newly increased laborers in the 1990's were born before 1985. This cannot be changed and there is no great potential for reducing the supply of these laborers. Despite all this, it is necessary to adopt some feasible measures.

Another important way to reduce the supply of laborers is to reduce rural laborers' participation rate. China's laborers' participation rate is very high. Estimated according to the 1982 census, males' participation rate was 96.9 percent and females' 74.6 percent. These are rare in the world. Now some old people over the working age are still working and some young people under the working age are already working. Some township and town enterprises are employing child laborers. Measures should be taken to prohibit the employment of child laborers. Township and town enterprises with the necessary conditions should gradually practice the retirement system so that laborers over the working age can retire from their work posts. Some women are willing to undertake housework. They should be encouraged to do so, instead of persuading them to take part in social labor.

Another measure to reduce the supply of laborers is to make the employment age older. The Chinese Government provides that 16-year- old people fall into the working age category. As we see it, this prescribed working age is a little too low. First, the Chinese Constitution provides that people will become formal citizens of the country and enjoy civilian work rights and duties at the age of 18. Second, people reach youthfulness from juvenility at the age of 16, an age for study and physical growth. They should be allowed to acquire more knowledge so as to lay a solid cultural and professional foundation for their future work. Third, people have just finished junior middle schooling at the age of 16, and junior middle schooling is ordinary cultural education without vocational or professional training. From now on, the state should appropriately increase its investment in education. Some young people may have vocational training for one or two years if they do not study in senior middle schools after junior middle school graduation. Therefore we suggest that the working age be changed from 16 to 18. This not only reduces the employment pressure on society but also creates the necessary conditions for improving laborers' quality.

Opening Up All Avenues for Employment, Increasing Demand for Laborers

The first measure is to strengthen in-depth agricultural development. China has great potential for in-depth agricultural development, which requires the investment of a large number of agricultural laborers. In China, two-thirds of farmlands are medium- or low-yield fields and their transformation needs the investment of a large amount of funds and laborers. In addition, there are 35.35 million hectares of wastelands in the country suitable for farming, 76.62 million hectares of barren mountains and slopes suitable for afforestation, 224.34 million hectares of grassy mountains and slopes, 2 million hectares of dry land areas, and 1 million hectares of shoals along the coast. These are awaiting development and utilization. In-depth agricultural development is beneficial to increasing social wealth and widening employment avenues.

The second measure is to encourage the development of labor-intensive industries. The development of laborintensive industries will help display the strong point of the rural areas, being rich in labor resources, and make up for funds shortages. The methods are as follows: Urban industrial enterprises should be encouraged to carry out combined operations and production with township and town enterprises, and the latter should be allowed to produce parts and components which require simple production skills, low production levels, and many laborers; the production of famous, fine, and traditional products with local characteristics should be encouraged; these products have certain markets domestically and abroad, require ordinary and traditional workmanship and skills for their production, have a strong ability to assimilate laborers, and do not need much funding; by developing the processing industry for agricultural and sideline products and taking advantage of the overlapping characteristic between the agricultural production season and the processing industrial season for agricultural and sideline products, we can fully use the work time, increase labor utilization rates, and reduce the seasonal surplus of agricultural laborers.

The third measure is to implement a two-way-flow policy for urban and rural laborers. Practice for the last 10-odd years has proved that some urban trades need to and can be undertaken by rural laborers, such as textile industry, building industry, environmental sanitation undertaking, family service trade, and salvage business. Generally speaking, urban laborers are not willing to undertake these trades, therefore rural laborers can act as supplements. On the other hand, the development of nonagricultural production in the rural areas, particularly that of township and town industries, urgently require a large number of talented people who have skills and know how to exercise management. For various reasons, however, quite a number of such people in cities are idle and find it difficult to display their talents. Therefore it is imperative to formulate a two-way-flow policy for urban and rural laborers. But the implementation of this policy needs the coordination of a series of corresponding measures.

The fourth measure is to provide rural socialized services. At present, China's agricultural production is a kind of separate labor with peasant households as the basic contracting units and has not broken away from the category of small commodity production. In market competition, small commodity production is generally in an unfavorable position, cannot gain the initiative in commodity exchanges, and fluctuates drastically due to changes in market prices and relations between supply and demand, thus causing the alternate appearance of difficulties in buying and selling. To change this situation, scattered, small commodity producers should be organized and given serialized and socialized services. such as forming different kinds of associations, carrying out scientific and technological popularization, exchanging information, circulating commodities, and other kinds of services. China's socialization level is still low now and its service organizations are not perfect. The establishment and improvement of the socialized service system will promote production and benefit the arrangement of surplus agricultural laborers.

The fifth measure is to export laborers to foreign labor service markets. In recent years, China has made progress in exporting laborers to foreign labor service markets, but there is still a big gap between China and some countries and regions and there is still big potential in this respect. In particular, there is quite a labor shortage in Japan and the Middle East. Reports say that China's Taiwan Province is also short of laborers. For this reason, the policy of reform and opening up should be further implemented and laborers should be exported to these regions. In addition, major efforts should be made to develop joint ventures, cooperative enterprises, and wholly-owned enterprises so as to absorb more surplus agricultural laborers in China. This can be described as another form of labor export.

Transforming Employment Mechanism, Promoting Rational Flow of Laborers

First, control over the labor service market should be further relaxed. Various systems can be introduced to the labor service market, such as the appointment system, the recruitment system, the examination system, the contract system, and so on. And the principle of two-way choice should be practiced in the labor service market: Laborers have the freedom to choose their professions and enterprises have the freedom to choose and employ fine applicants and have the right to refuse unneeded personnel the higher authorities forcibly assign to these enterprises. In addition, laborers should be allowed to flow between regions and units, and the state unified "lifelong tenure system" should be abolished.

Second, it is necessary to set up and improve the labor service market's regulatory mechanism. The core of this mechanism is wages. Therefore we should put wages in the operation of the labor service market and practice a floating wage system. Wage standards should be decided according to laborers' quality and the duties they undertake. These standards should be commonly observed after an agreement is reached through consultations. In the meantime, economic means may also be used to guide rural employment. The cost of labor transfer is low in China. Apart from paying the necessary transportation charges in the course of seeking jobs, laborers spend very little for other purposes. To reduce blindness in labor transfer, there is a need to raise the cost for labor transfer.

Third, we should gradually set up and improve the unemployment insurance system. Unemployment is an inevitability under the conditions of a commodity economy. Controlling the unemployment rate within a bearable scope will help promote economic development. On the other hand, to prevent social turbulence, an unemployment insurance system should be gradually established. No nationwide insurance system has been established in China's rural areas. Land has actually become a kind of insurance in the rural areas due to the implementation of land public ownership. But this method is decentralizing land and obstructing agricultural modernization. Rural unemployment insurance should be gradually introduced. This can be first implemented on a trial basis among staff members and workers of township and town enterprises. During their employment, they will be required to pay certain insurance premiums; if they are out of work, insurance will be provided for them.

Fourth, the household registration management system should be reformed. China's household registration system is conspicuously of an exclusive nature. This household registration system provides that generally rural residents are not allowed to settle down or seek jobs in cities; urban residents can enjoy many kinds of state subsidies but rural residents are excluded from this. If this management system is not changed, rural laborers will inevitably be stopped from entering cities. The consequences will be this: A large number of rural laborers will be idle, it will be hard to improve agricultural labor productivity, and it will be impossible to fulfill the target of agricultural modernization. The only way out before us is to gradually reform the household registration management system and the urban management system so as to promote the rational transfer of laborers.

Agriculture Expert Lauds Reform-Created Mechanisms

HK2307023992 Hong Kong CHING-CHI TAO-PAO in Chinese No 28, 20 Jul 92 p 19

[From "China Economic News" column: "Du Runsheng Says Rural Reform's Deepening Should Underline Reform of Old System As Well As Strengthening and Developing New System"] [Text] Noted agricultural expert Du Runsheng [2629 3387 3932] said: The biggest success in China's reform over the last decade is in the creation of a new mechanism and the shaping up of a situation where the old and new mechanisms compete with one another. Neither the former Soviet Union nor the East European countries can boast the same.

Du Runsheng presented the aforementioned viewpoints at a recent seminar. He maintained that the principal bodies making up this new mechanism are: township and town enterprises, Sino-foreign joint venture enterprises, and the contract responsibility system on a household basis as operated by the peasants.

He pointed out: In deepening China's reform, it is necessary to reform the old system and, more importantly, to strengthen and develop the new system. Expanding opening up means expanding the new mechanism. He proposed that the state allocate a part of its resources to develop township and town enterprises, the contract responsibility system on a household basis as operated by the peasants, and Sino-foreign joint venture enterprises.

On ways to further deepen the rural reform, Du Runsheng maintains that "the socialist market economy should be allowed to emerge comprehensively in rural areas, and that the 800 million peasants be allowed to make their own choices in a market environment." He spoke highly of the creativity of Wenzhou's peasants, asserting that they have created a market as well as "built a peasants' city using peasants' money."

Grains System Reform To Focus on Grass-Roots

HK2307024192 Hong Kong CHING-CHI TAO-PAO in Chinese No 28, 20 Jul 92 p 19

[From "China Economic News" column: "Focus of Reform of Grains System Lies in Grass Roots"]

[Text] In a recent meeting with persons in charge of grains departments of some southern provinces and cities, Deputy Commerce Minister Bai Meiging pointed out: The reform of the grains circulation system should be developed more in depth and breadth.

Bai Meiging said: The invigoration of the grass-roots enterprises should be defined as the focus of the next step of reform. The country has more than 120,000 grass-roots enterprises and enterprises. If they survive, then the entire system survives. The hope of grains-related endeavors lies in invigorating grass-root enterprises, the pointed out: The grass roots should be oriented toward two markets and engage in all kinds of operations. The two markets include the urban and rural markets, markets within and outside regions, and domestic and international markets. Rural markets below the county level should be promoted actively.

Bai Meiqing said: The grains system reform should effect two changes: shift from a pattern involving distribution of products to a pattern involving commodity operations; and, shift from traditional grains industry to modern grains industry. The pace should be accelerated. He emphatically pointed out: To further reform the system of grains circulation, it is necessary to stress the following three systems: 1) do a good job with the storage system and perfect storage methods; 2) set up three grades of market systems, with the state wholesale market as the spearhead, regional markets as the backbone, and the primary market as the basis. The primary markets should take bigger strides and regional markets should be set up principally in areas along transportation hubs and areas where materials are assembled. Regional markets should be established based on economic regions and not designated according to administrative regions; and 3) step up a services network.

Correction to Bo Yibo on JINGJI RIBAO HK277061092

The following correction pertains to the item headlined "Bo Yibo on Improvement of JINGJI RIBAO," published in the 24 July China DAILY REPORT, page 18:

Page 19, column two, first partial paragraph, first full sentence, make read: ...people in the Sharp Company have this motto: "men, dream, unity," which is what we advanced by saying bring into play people's initiative and advocating the need to have ideals and awareness and to cooperate in unity. Now they can.... (providing correct company name and rewording).

Same paragraph, fifth full sentence, make read: ...wealthy earlier will undermine socialism. They do not.... (changing "destroy" to "undermine")

Central-South Region

Guangdong Tries To Control Share Speculation

HK2707043892 Hong Kong TA KUNG PAO in Chinese 14 Jul 92 p 2

["Special dispatch" by staff reporter He Sui-I (0149 4482 1837): "Guangdong Strictly Bans Illegal Transactions of Shares, and Stresses Developing Shareholding System in a Safe Way"]

[Text] Guangzhou, 13 Jul (TA KUNG PAO)—The office of the Joint Provincial Group for Supervising Enterprises Trying Out Shareholding System in Guangdong today issued a notice to tackle the phenomenon of shares and internal shares being speculated in for profit, and set forth a series of measures, among which there is a regulation which stipulates that bills such as certificates of subscription right cannot be kept by individual staff members.

A number of Guangdong government officials, including senior bank officials and senior officials from the departments in charge of economic restructuring, said on some occasions that although Guangdong is fast and bold in reform and opening up and has good conditions, the developmental process of issuing shares must be steady and standardized at the beginning, so that the principle and line uphold steadiness and enthusiasm.

According to them and to feedback from the society, since the gradual launching of the shareholding system on a trial basis at the end of last year, Guangdong has not experienced any big chaos. However, because Guangdong has a lot of hot money and people are very interested in shares, a number of shareholding enterprises which have issued internal shares find that some of their shares have been "speculated in" privately in the society at a price eight times higher than their original cost.

Therefore, the joint supervisory group, which is set up within the provincial commission for economic restructuring, is to "prevent violation of regulations in the issuing of shares by the enterprises approved to issue internal shares." First, it is stipulated that the issuance of shares cannot exceed the domain prescribed by the relevant documents approved by Guangdong Province, that the enterprises trying out the shareholding system should compile lists of staff and individual shareholders and put them on notice boards, and that the shares bought by people who are not on staff are not to be recognized.

Second, the issued certificates of subscription right, contracts for subscription of shares, and receipts for money for subscription of shares, must be recollected by the company for centralized management, or taken care of by a securities company entrusted with the duty, but must not be kept by individual staff members in order to prevent private speculation.

Third, when certificates of subscription right, contracts on subscription of shares, and receipts for money for subscription of shares are exchanged for equity certificates, these certificates must be printed by a designated printer after securing approval from the People's Bank of China, and must not be printed privately. The equity certificates must be handed to a securities company for centralized management; at the same time, shareholders must be issued with shareholding passbooks, as proof of bought shares.

In addition, the transfer of internal shares, if approved by the joint supervisory group, must be handled by a securities company.

Shenzhen Seeks International Bids for Land Sales

HK2807010092 Beijing ZHONGGUO XINWEN SHE in English 1423 GMT 27 Jul 92

[Text] Hong Kong, July 27 (CNS)—For the first time, Shenzhen is offering the utilization rights of a piece of land with a term of 50 years by international public bidding. The land with an area of more than 18,000 square metres is in Luohu District and is for comprehensive use. The deadline for submission of bids is October 28 this year.

An official of the Shenzhen Bureau of Land Planning said at a press conference today that the piece of land is located in the west of Luohu, north of Shennan East Road, west of Bao'an Road and south of Jiefang Road. A building construction with a floor area of more than 187,000 square metres can be erected on the site for offices commerce, hotel and apartments.

This piece of land is a prime site in the Shenzhen Special Economic Zone, being two kilometres from Luohu Port and the Shenzhen Railway Station. The official said that the bidding will be very competitive, coming mainly from nearby countries and regions including Singapore, Taiwan and Hong Kong.

Shenzhen Makes Progress in Combating Social Evils

OW2707103792 Beijing XINHUA in English 0724 GMT 27 Jul 92

[Text] Shenzhen, July 27 (XINHUA)—Shenzhen, China's leading special economic zone in Guangdong Province, has scored obvious results over the past three months in its effort to combat social evils.

A recent survey shows that since April the city has concluded some 1,579 cases involving prostitution; the manufacture, sale or distribution of pornography; the abduction or sales of women or children; the cultivation of illicit drugs; abuse and trafficking in drugs; gambling; and harming people through feudal or superstitious practices.

The zone has effectively neutralized 202 criminal gangs, seized a large number of obscene materials and drugs.

The campaign has helped to stabilize the city's social order and improve the general attitude of society, according to local residents.

Hunan's Chen Bangzhu on Government Organ Reform HK2407032892 Beijing RENMIN RIBAO in Chinese 8 Jul 92 p 5

[Article by Hunan Governor Chen Bangzhu: "Firmly Grasp Link of Transformation of Government Functions—Tentative Analysis of Ways of Thinking on Reform of Government Organs"]

[Text] Comrade Li Peng put reform of government organs on the important agenda in his Government Work Report delivered to the Fifth Session of the Seventh National People's Congress, and this was in accordance with the objective law of the development of reform.

Our reform of the economic system is being thoroughly launched in various domains, and is developing in depth. In the course of practice, we have clearly seen that should we wish the reform of the economic system to make substantive progress at a deeper level, we must simultaneously carry out the reform of government organs. The current effort to change the operating mechanisms within enterprises and to perfect the market system is inseparable from a change of government functions. If government functions are not changed, and if government still tightly bind the hands and feet of enterprises and rigidly controls the means of production such as personnel, funds, and materials, we cannot really push enterprises toward the market, enterprises cannot really show their basic internal motive force and vigor for reform and development, and the change of operating mechanisms is only empty talk, as is the formation of a market system.

Judged from the current situation of government organs, it is time to carry out reform. The current government organs in our country were established under the highly centralized planned economy system in the past, and once played a positive role in developing productive forces in a certain historical period, but now the short-comings of the system have become more prominent.

Overstaffed organs and low work efficiency. According to the data provided by a relevant department, at present, each province has more than 70 government organs on average; each region more than 50; and each county more than 40. Hunan Province has 78 provincial government work organs, a large number of nonpermanent organs, and nearly 40,000 people working in provincial, prefectural, and county government organs. Overstaffed organs and numerous departments will inevitably create a situation whereby different departments formulate different policies, barriers are set up, duties are overlapping and chaotic, and procedures and work levels increase, all of which lead to a decrease in administrative efficiency and bureaucracy.

- —A heavy financial burden hinders economic development. Last year, Hunan's financial income was 8.05 billion yuan, and administrative expenditures were more than 5.3 billion yuan. In fact, our finance has become "finance to spend on meals," while some localities even find it difficult to "find meals."
- —Without the separation of government duties and enterprise duties, the vitality and vigor of enterprises are suppressed. On the one hand, the government has excessive control over enterprises, making enterprises the dependents of governments at various levels; on the other hand, government departments spend their energy mainly on directly managing enterprises and distributing money and materials. This reduces the energy for exercising macroeconomic regulation and control to the extent that many things which should be properly managed have not been properly managed.
- —Proneness to create corrupt phenomena, and affect relations between the government and the people. Therefore, a reform of government organs is imperative and urgent.

We have carried out several rounds of reform of government organs since the nation's founding, and scored certain results, but generally speaking, we have not left the strange cycle whereby we move from "streamlined organs, to overstaffed organs, to streamlined organs again, and to overstaffed organs again." The reason is, objectively speaking, because those reforms failed to get out of and surpass the economic and social conditions at the time; and subjectively speaking, we failed to carry out thorough research and systems analysis, straighten out ways of thinking, and tackle the root of the problems. Through the exploration of the practice of reform and opening up in recent years, we have leaped forward in our understanding of the law of socialist economy, and established the goal and orientation of developing socialist planned commodity economy. The reform of government organs this time must look into new ways of thinking based on this general demand, clarify the guiding thought, and point out a clear road. I feel that the most important points of the way of thinking on the reform of government organs are as follows:

First, the liberation and development of productive forces must be viewed as the basic starting point and foothold of the reform of government organs. As an important component part of superstructure, government organs are established on the economic base, and serve the economic base, and their reaction on the economic base is greater and more direct than that of other component parts of the superstructure. Therefore, the basic starting point, foothold, and first goal and duty of the reform of government organs is to let government organs suit and serve the economic base and effectively liberate and develop productive forces. This should also be the basic criterion for judging whether the reform is successful. If we neglect this problem and rotate in the domain of the superstructure only, and if we do not closely integrate the reform of government organs with the liberation and

development of productive forces and derive concrete methods and measures surrounding this basic goal, then we will deviate from the basic goal of the reform and lose the original meaning of the reform.

To carry out reform of government organs from this basic foothold, the first thing to do is to study how government organs can adapt to the changed economic base and how they can suit the objective demands of economic development—for example, how they can adapt to the demands of collectivized large-scale production, and change the huge and overstaffed government organs into "small government, big service"; how they can adapt to a planned commodity economy system and the demands of an operating mechanism integrating planned economy and market regulation; how they can change the government's direct management of enterprises to a role in regulating and controlling the market, which guides enterprises; how they can adapt to a situation in which market competition becomes increasingly fierce and enterprise behavior becomes diversified and complicated; how they can change the government's current economic management system, reduce intermediary levels and operational links, and improve work efficiency; how they can reduce the personnel supported by our finances and enable the redundant cadres to become a force for developing productive forces; and so on. Our province's Huarong County began reform of their government organs in 1985. It closely integrated this reform with economic construction, carried out overall design of county-level organs based on the demand to develop a planned commodity economy, guided agricultural technology departments in developing into service entities, guided industrial departments in developing professional management, guided circulation departments in developing "unified operation," and guided logistics departments in developing collectivized services, thus exploring a new way to reform county-level organs by "seeking a breakthrough from streamlining and seeking deepening from a change of system." They cut out 19 county-level administrative organs, and reduced the 810-person staff structure to a 659-person staff structure. Their reform of government organs effectively promoted economic development. When 1991 is compared with 1984, a year before the reform, the county's industrial output value increased three times; agricultural output value, 52.3 percent; financial income, 100 percent; and per capita net income among peasants, 133 percent. Their experience shows that reform of government organs, like any other work, must uphold the productive forces criterion, which must be adhered to in every link; only by so doing can we score the predicted results.

Second, the reform of government organs must center on the transformation of function. Organs are the carriers of function. Without reasonable functions, organs are meaningless; only when function is taken as the center can organs appropriately define their work duties, system, structure, and personnel. Therefore, to properly carry out reform of government organs, it is necessary to grasp the crux and core of the transformation of function.

To transform government functions, the key point is to transform its economic management function. When the government is no longer the direct operator of enterprises, it will be freed from daily affairs and able to concentrate its strength on grasping big things and on grasping macroeconomic regulation and control, and to promote economic development. The successful experience acquired by our province's metallurgical company can fully prove this point. In 1988, the provincial government abolished the provincial metallurgical bureau and established the provincial metallurgical industry corporation, enabling it to change from a component part of the provincial government to an economic entity which possessed 27 enterprise units and over 90,000 staff people, to have decisionmaking power concerning operation, and to take sole responsibility for itsgains and losses. The provincial government practiced total contracting on input and output, but did not directly intervene in the corporation's production and operation. The corporation's function also changed correspondingly; it used enterprise behavior to manage enterprises rather than using government behavior to manage them. This reform measure enabled the enterprises to acquire vitality. When the Seventh Five-Year Plan period is compared with the Sixth Five-Year Plan period, the input for technological reform of the metallurgical system in the whole province increased by 900 million yuan, newly increased fixed assets amounted to 1 billion yuan, newly increased output value amounted to 2.7 billion yuan, newly increased profits and taxes amounted to 1.43 billion yuan, and the comprehensive production capacity of 1.4 million tonnes of steel was realized two years ahead of schedule. This was a beneficial trial by the government in changing its functions, especially by the departments directly managing economic affairs. Generally speaking, the government must reduce its functions of direct economic management and microeconomic management, but strengthen its functions of macroeconomic regulation and control and macroeconomic management; it must change from direct management of enterprises to indirect management of enterprises, from the system whereby management is carried out by government departments to a system whereby management is carried out by trades; and it must change from management by administrative means to management by economic and legal means with administrative means as support.

Third, the reform of government organs must be closely integrated and coordinated with the reform of the cadre personnel system. Practice proves that the reform of government organs is complicated systems engineering, which cannot be accomplished just by performing surgery in the area of the structure of organs, but must be carried out simultaneously with other relevant reforms, among which reform of the cadre personnel system is the most important.

One important aspect of reform of the cadre personnel system is building a mechanism for allowing cadres to be promoted and demoted. For a long time, our cadres have

sat in "iron armchairs" and could only be promoted and not demoted, leading to a rapid increase in the number of bureaucratic positions and a serious imbalance between officers and men. At present, we can easily find "a seven-staff establishment with six bureaucrats," "one chief supported by eight deputy chiefs," and "nine men herding 10 sheep." We should really make up our minds to resolutely and daringly solve this problem. The building and perfecting of a system of responsibilities based on organs and positions must be integrated with the promotion of the public service system; a dynamic cadre management system characterized by survival of the fittest must be established systematically.

We must also meet the needs of a planned commodity economy system and the need for development of the various economic sectors. Through planned transfer, policy guidance, and exchange of personnel, we will use various channels to divert newly recruited cadres, including middle vocational school and university graduates and demobilized cadres; in particular, we will guide more of them to flow to the grass-roots levels, state-run enterprises, collective enterprises, township and town enterprises, "foreign-funded" enterprises, and other enterprise units. In order to allow reform of the cadre personnel system to proceed smoothly, so as to lay a broad road for the whole reform of government organs, it is necessary to break the "selfish system of bureaucratic departmentalism" systematically, so as to eliminate the "selfish thinking of bureaucratic departmentalism" stemming from the system.

Fourth, we must look for a new way out in the transfer and diversion of personnel. The key to solving this problem is emancipation of the mind and searching for a new way of thinking. Our province's Huarong County, Shanxi's Xixian County, Shandong's Changyi County, and Inner Mongolia's Zhuozi County have already acquired the "practical streamlining" experience in transferring cadres. Their valuable experience comes from their courage to break the old rules and to integrate the reform of government organs with economic development for consideration, and from the use of the diversion method to solve the problem of a way out for cadres in the course of liberating and developing productive forces. They emphasized the shifting of cadres from superstructure to economic base, allowed some government personnel to venture out to establish and run economic entities of a service nature, and used this to clear a channel through which cadres could go to the first front of economic construction where they could show their talent, thus achieving the goals of optimizing structure, streamlining organs, enriching the grass roots, enhancing vigor, improving efficiency, and promoting social and economic development. Their method is not to make cadres redundant and burdens, but to treat them as treasures and enable them to closely combine with other important elements of the productive forces such as science, technology, land, tools, and materials to become actual productive forces. They did not simplistically rotate in the area of abolishing, reducing, and merging govern-ment organs; rather they linked the diversion of cadres to exploratory production, "moved the monks first, then demolished the temple;" thus they did not cause any panic on the one hand, and could solve the essential problem on the other. This is a feature which had not been seen in the past several rounds of reform of government organs, and a major breakthrough with great significance. We should explore more in various domains, to find more new ways.

The reform of government organs involves the problem of human beings and the adjustment of the economic interests, power, and obligations of various quarters; it cannot be smooth or successful instantly. This requires us to be firm and positive on the one hand, and prudent on the other. In the course of implementation, we should take the gradual progressive method, not the surprise attack method. We should have an overall plan, arrange work carefully, launch pilot projects first, and promote experience later. At the same time, we should be able to simultaneously mobilize different departments and regions and senior and lower levels so that various quarters can coordinate efforts in order to ensure that the reform proceeds smoothly and to promote the development of the social productive forces.

North Region

Li Ximing Speaks at Conference of CPC Delegates SK2607003292 Beijing BEIJING RIBAO in Chinese 25 Jun 92 p 1

[By reporter Sun Yushan (1327 3768 1472): "Beijing Municipal Conference of Party Delegates Held"]

[Text] The Beijing municipal conference of party delegates was held from 23 to 24 June. The conference elected Beijing's delegates to the 14th National Party Congress in a democratic way, and in line with the guidelines of the circular issued by the central authorities on successfully electing delegates to the 14th National Party Congress.

This conference was sponsored by the Standing Committee of the municipal party committee. Li Ximing, secretary of the municipal party committee, made a report on the method of deliberation and decision on the draft namelist of the municipality's delegates to the 14th party congress. Chen Xitong and Li Qiyan, deputy secretaries of the municipal party committee, presided over the conference.

A total of 641 delegates participated in this conference, including the members and alternate members of the party Central Committee, the members of the central advisory commission, and the members of the central discipline inspection commission who were in Beijing; members and alternate members of the municipal party committee; members of the municipal advisory commission; members of the municipal discipline inspection

commission; party-member leading cadres of the municipal People's Congress Standing Committee, the municipal government, the municipal committee of the Chinese People's Political Consultative Conference, and their subordinate departments, committees, and offices; principal party-member responsible persons of the mass organizations at the municipal level; principal responsible persons of party committees (leading party groups) of various districts, counties, bureaus, companies, institutions of higher learning, municipality run plants and mines, civil aviation units, railway units, and the armed police units stationed in Beijing; heads of various districts and counties; directors of various bureaus under the municipal government; party-member presidents of some institutions of higher learning; party-member managers (factory directors) of some large and medium-sized enterprises; some party-member veteran comrades who had retreated from leading posts; and delegates of party members of the grass-roots units elected by various levels of party organizations who persisted in the party's basic line on the capital's fronts of the economy, politics and law, science and technology, culture and education, public health, and sports, and who made contributions to the capital's reform and opening, as well as its socialist modernization.

Coming from all professions and trades of the capital, the delegates to this conference represented 980,000 party members throughout the municipality. With the spirit of being highly responsible for the party's cause, the conference's participants elected 62 delegates by correctly exercising their democratic rights through secret ballot and the method of having a larger number of candidates.

The delegates maintained that the 14th National Party Congress is a congress with great significance in the party's history and in the process of our country's socialist modernization. Under the leadership of the CPC Central Committee, with Comrade Jiang Zemin as its nucleus, we should unite and guide party members and the masses throughout the municipality to further profoundly comprehend and comprehensively implement, in an even better way, the guidelines of the important speeches made by Comrade Deng Xiaoping during his inspection tour of southern provinces; to implement the guidelines of the importanspeech made by Comrade Jiang Zemin recently at the central party school; to seize the current favorable opportunity to emancipate the minds and pioneer the road of advancement; and to accelerate the pace of reform and opening, as well as the capital's modernization, in order to push the capital's economy onto a new stage and to greet the successful convocation of the 14th National Party Congress with practical actions and outstanding achievements.

Beijing Residents To Elect Congress Deputies

OW2407142992 Beijing XINHUA in English 1405 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—The district and county people's congresses and garrison troops of the

People's Liberation Army stationed in Beijing will elect deputies to the Tenth Municipal People's Congress of Beijing before November this year.

The decision was made during the 35th session of the standing committee of the ninth municipal people's congress which was concluded here today.

According to the election law and in line with normal practice, one deputy will be elected per 32,000 rural residents and one per 8,000 urban residents. A total of 885 deputies will be elected to the tenth municipal people's congress.

The next municipal people's congress of Beijing will be held in January, 1993.

Zhang Baifa Inspects Construction of Key Projects SK2707045192 Beijing BEIJING RIBAO in Chinese 3 Jun 92 p 1

[By reporter An Wei (1344 0251): "Municipal Leaders Inspect the Construction of Key Projects"]

[Text] On 2 June, Zhang Baifa, executive vice mayor of Beijing Municipality, and Huang Jicheng, assistant mayor, guided responsible comrades of the municipal urban construction department to inspect four ongoing projects noteworthy to people across the municipality. These four projects include the Xidan subway station, the project to make heat-carrying pipelines from the Shijingshan thermal power plant to urban areas, six overpasses on the second ring road, and the Nanxiang road project. Zhang Baifa and Huang Jicheng cordially called on the construction workers who had been working hard day and night despite the hot weather and also asked them to ensure that these projects will be completed on schedule and will create benefits as soon as possible.

Now, the grand Xidan subway station has taken preliminary shape. Upon completion, it will be the largest oway station in Asia. With the construction workers working hard day and night, the 540-meter circle line east of Xidan subway station, the Fuxingmen-Xidan railway lines, and the main passenger concourse have been completed. Some auxiliary service facilities will be completed before 25 September. Construction of the project to lay 21-km large-caliber pipelines carrying heat from Shijingshan thermal power plant to urban areas began on 15 March 1992. Upon the completion of the first-phase project, 6 million kilocalories of heat will be supplied to 10 million square meters of areas in the urban districts. Approximately 80 percent of the projects have been completed by the municipal General Urban Construction Company. The company has also made efforts to ensure the supply of heat for 350 square meters of buildings by the end of 1992. At the construction site, Vice Mayor Zhang Baifa heard in detail the report on the progress of the project.

Typical scenes of the construction workers working hard despite the hot weather can be seen at the construction sites of six overpasses in the second ring road and the Nanxiang road project. Zhang Baifa warmly shook hands with the construction workers, inspected the driving of deep piles for building the overpasses, and examined the quality of the welding of reinforcing bars. He learned that when the municipal government decided to build the second ring road, the municipality also planned to relocate over 150 households, to widen two slow-train railway lines east of Xizhimen overpass and east of Yonghe Palace, and to build underground municipal administration facilities.

Zhang Baifa pointed out: These four projects will directly benefit the people, help improve the environment, and create fine conditions for applying to host the Olympic Games. He urged all construction units to work in close cooperation with each other and to ensure the completion of the construction of the Xidan subway station, six overpasses of the second ring road, and Nanxiang road project before 1 October, to present gifts to the National Day and the "14th Party Congress."

Beijing Rates as Largest Technology Market

OW2507142992 Beijing XINHUA in English 1358 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—Beijing is the nation's top technology market with an annual value of two billion yuan for four successive years since 1987.

About 20,000 technology contracts have been completed annually for the last four years and the contract value accounts for one fourth of the nation's total.

According to Zou Zuye, head of the Beijing Science and Technology Commission, Beijing has established a system for controlling the technology market. Since 1987, Beijing has been implementing a technology contract register system and 30 offices for technology contracts established in the city.

Beijing's scientific research organs and Beijing's universities have become the largest technology providing group in the nation.

In 1991, Beijing's scientific research institutions and universities obtained more than 800 million yuan of income by technology transferring. The money has been used to support scientific research and improve technical equipment.

Beijing's industrial enterprises have benefited from the technology market.

In the past three years, Beijing's industrial enterprises have signed more than 9,600 technology transferring contracts. These have encouraged the adjustment and mix of products and technical upgrading in Beijing's industrial enterprises.

Beijing's rural enterprises have also introduced more than 400 technical projects from Beijing's scientific research institutions in the past three years. The enterprises have developed about 1,400 new products and increased output value by 1.1 billion yuan.

Companies operating in Beijing's new technology development zone have returned more than one billion yuan a year from the trade in the past few years.

Beijing Jan-Jun Retail Sales Hit Record

HK2707032692 Beijing CHINA DAILY in English 27 Jul 92 p 3

[By staff reporter Ma Zhiping: "City Sees Boom in Retail Sales"]

[Text] Beijing's retail sellers enjoyed their strongest period of the last 10 years in the first half of this year.

Officials attributed the success to the introduction of market competition and advanced management.

Retail sales hit a record 20.2 billion yuan (\$3.74 billion) in the first six months of the year, which was an increase of 17.6 percent over the same period last year and about 3.2 percent more than the nation's average 14.4 percent year-to-year increase.

Zang Hongge, head of the Commercial Committee under the Beijing municipal government, attributed the fast business development to recent commercial reforms that have sharpened people's awareness of markets and competition. Zang said the construction of commercial facilities and introduction of modern commercial management techniques also helped.

The "four decentralizations" in commercial enterprises—management, price, distribution, and employment—a reform adopted early this year to guarantee a flexible business environment, have been warmly received by commercial enterprises and have added vitality by eliminating trade blocks and broadening the scope of business.

State and collectively-run shops experienced increased volume of 15 and 12 percent respectively in the first five months compared with last year.

Sales by private and self-employed business people increased over 40 percent in the period compared with the previous year.

Officials also say the increased sales stem from fundamental changes in the way goods are sold in China; the opening of such services as purchasing over the telephone, sending commodities directly to consumers' homes, and a growing movement toward open-shelf, supermarket-style selling where consumers pick their own goods off shelves as opposed to relying on a person behind a counter to get them. Along with the increase of sales volume, Beijing has made a breakthrough by opening its retail sector to the whole country and even to the outside world, according to the official in charge of the city's commerce.

Zang noted that due to insufficient funds, Beijing must open its retail market to the outside world to attract foreign funds and technology in order to update its business facilities and build Beijing into a commercial metropolis.

Meanwhile, businessmen from Guangdong and Zhejiang and even some foreign retailers have joined Beijing's retail market, while Beijing business people have begun over 600 co-operation projects in other parts of the country as part of their effort to build strong markets in many regions of China.

They are also making preparations for opening shops abroad.

Beijing Improves Urban Planning, Management

OW2507105092 Beijing XINHUA in English 1011 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—Beijing will strictly control urban size and promote rational layout and distribution of the population, according to the new regulations governing urban planning in Beijing.

The regulations, which consist of six chapters including 50 provisions, were approved at the 35th session of the Standing Committee of the 9th municipal people's congress which finished on Friday (July 24).

The new regulations provide legal means for urban planning and management in the Chinese capital.

Ping Yongquan, director of the Beijing Urban Planning and Management Bureau, said that Beijing had a population of 10.32 million by the end of 1990, exceeding the target set for the year 2000 in the existing plan. At the same time the city's population is still expanding by 150,000 a year. Under the circumstances the task of improving urban planning and management is urgent.

The regulations call for improving the urban ecological system, strengthening pollution control, greening and public sanitary work, protecting historical heritage, traditional culture and natural scenery and preserving the character of ethnic minority areas.

As Beijing is an ancient capital of six dynasties, the regulations stress maintenance, rational utilization and improvement of historic buildings and old urban areas.

The regulations with binding force stipulate procedures on compiling, examination and approval of urban construction plans and the development of new urban areas and renovation work.

Hebei's Tangshan City Quickens Pace of Opening OW2707094292 Beijing XINHUA in English 0826 GMT 27 Jul 92

[Text] Shijiazhuang, July 27 (XINHUA)—Tangshan city, the site of a major 1976 earthquake, has quickened its pace of opening to the outside world and strengthening ties with coastal and border cities in China.

At present the newly-rising industrial city, located in north China's Hebei Province, has set up 20 liaison offices in Guangzhou, Zhuhai, and Shantou cities in south China's Guangdong Province, Haikou city in south China's Hainan Province, Xiamen city, in east China's Fujian Province, and Heihe and Suifenhe cities in northeast China's Heilongjiang Province and also set up trade relations with 17 countries and regions.

Statistics show that the city has signed 210 contracts and introduced 21 million U.S. dollars in overseas investment this year through these cities.

In the first half this year the city had trade talks with nine countries and regions, including South Korea, Russia, Singapore, Australia and Hong Kong.

In addition, the city's total export volume in the first six months reached 790 million yuan, a 23.7 percent increase over that for the same period of last year.

Wang Qun Attends Meeting of CPC Delegates

SK2607063792 Hohhot NEIMENGGU RIBAO in Chinese 21 Jun 92 p 1

[Text] The autonomous regional meeting of the CPC delegates opened in Hohhot on 20 June.

Attending the meeting and seated on the rostrum of the meeting were Wang Qun, Bu He, Qian Fenyong, Wuliji, Liu Yunshan, Bai Enpei, Geriletu, Yang Enbo, and Wuvungimuge.

Major agenda items at the meeting are to elect delegates to the 14th National CPC Congress; to summarize the work of implementing the spirit of the important speeches given by Comrade Deng Xiaoping during his inspection tours in the south, of the plenary session of the CPC Central Committee's Political Bureau, and of the fifth plenum (enlarged) of the fifth autonomous regional party committee; and to discuss the issues of further deepening reform, broadening opening up, and accelerating economic development.

Delegates attending the meeting include members and alternate members of the fifth autonomous regional party committee; the members of the autonomous regional advisory and discipline inspection commissions; the members of the CPC Central Committee and the Central Advisory and Discipline Inspection Commissions, who are not members of the regional party committee and advisory and discipline inspection commissions; the principal responsible comrades of various league and city party committees, of the leading bodies

of the regional party, government, and army organs, and of mass organizations; as well as outstanding leading cadres, labor models, advanced workers, and outstanding experts from various fronts—230 persons in total. Among those who attended the meeting as observers were responsible comrades from various leagues and cities and from the regional level departments concerned.

Yesterday's meeting was presided over by Comrade Wang Qun.

During the meeting, Comrade Bai Enpei delivered a speech in which he offered an explanation of the namelist of candidates for delegate to the 14th National CPC Congress. He said that the region's work of electing delegates to the National CPC Congress began in December 1991 and that through the four-month recommendation period, based on repeated deliberations and consultations as well as thorough investigation, and with the study given by the autonomous regional party Standing Committee, the candidate namelist for delegate to the National CPC Congress had been worked out. At the fifth plenum of the fifth autonomous regional party committee, which was held in mid-April, the participating members carried out full deliberations and consultations on the namelist and also approved it.

On 20 June, delegates attending the meeting elected 33 delegates to the National CPC Congress by secret vote and multicandidate election. The elected delegates fully reflect advanced character and extensive representation.

At the meeting's preparatory conference on the evening of 19 June, Qian Fenyong delivered a speech, in which he said that the region's meeting of CPC delegates was being held in an environment wherein units from top to bottom throughout the country were implementing the spirit of the important speeches given by Comrade Deng Xiaoping during his inspection tours in the south. It was also being held at a time of the plenary session of the CPC Central Committee's Political Bureau as well as under the new situation in which the pace of reform, opening up, and economic construction was being further accelerated. Therefore, the success of the meeting will exert important and far-reaching influence on the region's work to further accelerate the pace of reform, opening up, and economic development.

Inner Mongolia Opens More Outlets to Outside SK2607041992 Hohhot NEIMENGGU RIBAO in Chinese 3 Jun 92 p 3

[Article by Jian Quansheng (5465 3123 0524): "Inner Mongolia's Outlets Are Under Development and Construction"]

[Text] Outlets are established with state approval. We are able to develop trade relations with foreign countries through the outlets with integrated inspection, foreign trade, storage, and export service functions. Outlets are harbors, airports, stations, and passages through which

passengers, goods, and transportation means leave and enter the country as well as the gateway through which the country establishes contacts with foreign countries. Outlets occupy a decisive position in opening the country to the outside world, developing international contacts, conducting foreign trade, promoting economic construction, conducting technological and cultural exchange, and developing tourist trade. Therefore, further speeding up the construction of outlets and bringing into play their advantages is extremely significant.

Located in the northern part of China and bordering both the Russian Federation and Mongolia, the Inner Mongolia Autonomous Region border extends for more than 4,200 km. Of this, the border with the Russian Federation extends 1,010 km. Ergun Right Banner, Chen Barag Banner, Xin Barag Left Banner, Xin Barag Right Banner, and Manzhouli City of Hulun Buir League are separated from the Russian Federation by a river. There are land routes between the region and Mongolia. Their borderlines extend for 3,193 km. Alxa Left Banner, Alxa Right Banner, and Ejin Banner of Alxa League; Urad Middle Banner and Urad Rear Banner of Bayannur League; Siziwang Banner and Darhan Muminggan Joint Banner of Ulanqab League; Ujimqin Banner, Abag Banner, Sonid Left Banner, and Sonid Right Banner of Xilin Gol League; Horqin Right Wing Front Banner of Hinggan League; and Xin Barag Left Banner, Xin Barag Right Banner, and Erenhot City of Hulun Buir League border Mongolia and have had commercial contacts with Mongolia for a long time.

In the past three years or so since 1988, with the high attention and support of the regional party committee and the regional government, the region has opened 13 water, land, and air outlets. Except for the existing railway line between Manzhouli and Zabaykalsk of the Russian Federation and the railway line between Erenhot and Dzamyn Uud of Mongolia, the region opened some new outlets, including the highway linking Manzhouli with Zabaykalsk and Chita Oblast, the highway linking Erenhot and Dzamyn Uud, the highway linking Arihashate and (Habiriga) of Mongolia, the highway linking Zhuengadabu and (Biqigetu) of Mongolia, the highway linking Ceke and (Xibokulun) of Mongolia, the water route linking Heishantou and (Aolouqi) of the Russian Federation, the water route linking Ebuduge and (Baiyinhusou) of Mongolia, the water route linking Hulieyetu and (Kailasidui) of the Russian Federation, and the air route between Hohhot and Ulaanbaatar of Mongolia. A pattern of opening the region in all directions with water, land, and air outlets has now taken shape.

The rapid construction of these outlets and the rapid opening of the border outlets have forcefully promoted the development of the border trade as well as the increase in the passenger and goods transportation volumes with each passing year. Some 314,000 persons entered and left the country through Inner Mongolia in 1991, an increase of 9.63 times over the 1982 figure of 32,500 persons and an annual average increase of 86.30

percent in the past 10 years. Some 2,957,800 tonnes of goods were exported and imported through the region in 1991, an increase of 3.81 times over the 1982 figure of 775,800 tonnes and an annual average increase of 28.21 percent. In 1992, the region's border trade volume reached 377 million Swiss francs, an increase of 138.10 times over the 1983 figure of 2.78 million Swiss francs.

Along with the normalization of the relationship between China and the Russian Federation and Mongolia, East European countries have also developed trade ties with our country. Under the influence of the longterm planned economic pattern, these countries' light and industrial products and farm and sideline products cannot satisfy the needs of their people. So, they have longed to import these products from China. Simultaneously, they regard China as a vast market for their exports of larger amounts of metallurgical and machinery products, timber, and building materials. All this has created a fine international environment for opening border outlets to the outside world and developing border trade. To fully use both domestic and international markets, natural resources, and funds and to build Inner Mongolia into a grand open area in North China, the region will expand the scale and quality of open areas on the basis of the existing 18 open banners and cities of six leagues and fully display the outlets' role as a "door" and a "window" of the open belts according to the central authorities' requirement for further expanding the scale of opening up, speeding up the economic development of the coastal areas, and stabilizing the good relations with neighboring countries and the autonomous region's general concept of "promoting the development of the overall situation by opening itself to the outside world."

According to the requirements for continuously opening the coastal outlets set forth by the Russian Federation and Mongolia and in line with the actual conditions of the region, we will open 10 water, land, and air outlets in the near future, including the air route between Hailar and Chita Oblast of the Russian Federation, the highway linking Xinbailu and (Dawuliya) of the Russian Federation, the waterway linking Quan He and (Zhongeergongsike) of the Russian Federation, the highway linking Erka and (Abagaitu) of the Russian Federation, the highway linking Hariaoribuge and (Chagandelewula) of Mongolia, the highway linking Manduola and (Hadengbaolige) of Mongolia, the highway linking Aershan and (Songbeier) of Mongolia, the highway linking Jiergalangtu and (Narenhabiriga) of Mongolia, and the highway linking Ulangab League and (Amudarentu) of Mongolia.

Tianjin Secretary Tan Shaowen Visits District SK2507024792 Tianjin TIANJIN RIBAO in Chinese 17 Jul 92 pp 1, 4

[Excerpts] Accompanied by the responsible comrades of the Heping District party committee and government,

Tan Shaowen, secretary of the municipal party committee, visited the Hubei Road garbage transport station, the fifth team of the water drainage management office, and the Quanyechang Street office on the afternoon of 16 July to ask in detail about the arrangements for the people's everyday life during the summer and to extend kind greetings to environmental protection, water drainage, and housing management workers and neighborhood cadres. In the Heping District party committee, Tan Shaowen heard reports of the district party committee and government on the people's life and work during the summer. He pointed out: In the new situation in which reform and opening up are accelerated, and economic development is promoted, party committees and governments at all levels should attach great importance to the people's living standards and make good arrangements for it. They should continue to adhere to the basic work idea of "doing everything for the people and relying on the people in doing everything." In particular, they should make good arrangements for the people's summer living conditions, show concern for their hardships, and resolve difficulties for them to fully boost their enthusiasm. [passage omitted]

Tan Shaowen fully affirmed Heping District's endeavor to arrange the people's life in summer and to resolve their difficulties. He pointed out: After studying and implementing Comrade Deng Xiaoping's important talks, the Heping District party committee and government further emancipated their minds, took greater steps in reform and opening up, paid closer attention to and achieved rapid progress in real estate development, organized cadres to go deep into the masses to conduct ideological work to counter their problems, and achieved fairly good results in this. Meanwhile, they attached importance to the people's summer living conditions and their thinking, took the initiative in doing work, adopted measures early, and performed work in a meticulous manner; thus reaching marked achievements.

Tan Shaowen said: The municipality is now thoroughly implementing the guidelines of Comrade Deng Xiaoping's important talks given during his southern China inspection tour and the guidelines of the plenary session of the Political Bureau of the party Central Committee. In line with the many opinions of the municipal party committee and government on accelerating reform and opening up and on promoting economic development, all districts, counties, and bureaus are also studying and formulating their specific measures for accelerating reform and opening up, and are paying close attention to implementing them. The overall situation is good. He pointed out: Fundamentally speaking, reform and opening up are endeavors in the people's interest. In conducting reform, we should rely on the masses and fully boost their enthusiasm. The more the reform is deepened, the more leading persons should show concern for the people's life and list it as an important agenda item. We should never abandon the fine tradition of showing concern for the people's hardships and doing practical and good work for them. Only in this way can we satisfy the people, maintain closer party-people ties, and lead the people's enthusiasm toward the endeavors of accelerating reform and opening up and promoting economic development.

Tan Shaowen said: Since the midsummer and rainy season have come, party committees, governments, and leading cadres at all levels should attach more importance to the people's living conditions. They should now emphasize the following work. First, they should do a good job in repairing dangerous and leaking houses, and should accelerate this work and ensure its quality to ensure the people's satisfaction. Second, they should make good preparations for flood control and emergency rescue work. While combating drought, they should not neglect flood control. They should persist in the shift work system during the rainy season and carry out various emergency measures. Third, they should make good arrangements for the supply of summer commodities and make active efforts to organize the sources of goods to enrich the market and provide convenience for the people. Effective measures should be adopted to tackle the problems of damaging the people's interests, giving short measure, and dominating the market by cheating. Fourth, they should do a good job in maintaining sanitation during the summer, focusing on food sanitation, strengthening inspections, and preventing illness from entering the body through ingestion. They should continue the good job in environmental sanitation and safeguard the good reputation of the municipality as one of the 10 cleanest cities of the country. Fifth, they should attach importance to preventing heatstroke and lowering temperature. In particular, they should show concern for the staff members and workers working in high temperatures and provide a good work environment to them whenever possible. Sixth, they should enrich the people's cultural life and make the best use of the existing places and facilities to organize colorful mass cultural activities with the characteristics of summer. Seventh, they should achieve success in public security work, step up efforts to comprehensively improve public security, deal strict blows to various criminal activities, and provide a stable and peaceful social environment to the masses. He also said: We should be more concerned about the difficulties and specific problems in the people's life and make earnest efforts to resolve them. Some work that seems trivial to some departments may be important to some households. When the work is properly handled, the masses will be free from the trouble back at home. We should pay more attention to the life of the family members of revolutionary martyrs and soldiers, the childless elderly, and disabled people.

In conclusion, Tan Shaowen emphasized: Leading cadres at all levels should improve their work styles, overcome formalism, and go deep into the grass roots to listen to the people's opinions, learn about their work and life, and solve their problems in a timely manner. When several departments are involved in a certain task, they should take the initiative in coordination, enhance

their spirit of responsibility, and never fail to solve problems because of buck-passing.

Tianjin Offers Foreign Investment Opportunities

OW2707161392 Beijing XINHUA in English 1535 GMT 27 Jul 92

[Text] Hong Kong, July 27 (XINHUA)—The Tianjin Municipality of China offered at a press conference here today a list of 134 projects for overseas firms to invest as an effort to further open the city to the outside world.

The 134 projects cover the eight categories of infrastructure, metallurgy, chemicals, machinery, light industry, pharmacy, building materials, and textiles and garments.

Speaking at the press conference, Tianjin Mayor Nie Bichu said Tianjin, as an international port city, has a grand transportation system with the port as the key and with sea, land and air traffic combined. "We have already formulated various preferential policies for overseas investors," the mayor added.

He said Tianjin will develop another 120 square kilometers of land along the coast and will lease 57 pieces of land in the city proper. Tianjin will also utilize foreign capital on a greater scale to renovate old enterprises, he added.

Considering that Hong Kong is the largest trade partner of Tianjin, the mayor said, Tianjin's exports to Hong Kong went up from 17 percent of its total exports in 1989 to 21 percent in 1991. Some 58 percent of overseas investors in Tianjin are from Hong Kong, he said.

More than 770 enterprises from Tianjin are holding a week-long export commodity fair at the Hong Kong Exhibition Center.

Northeast Region

Heilongjiang Reports First-Half Economic Results

SK2607042892 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 21 Jul 92

[Text] In the first half of this year, our province achieved steady and stable development in the national economy based on the gradual economic returns of 1992. The province's gross national product reached 48.1 billion yuan, an 8.1 percent increase calculated in term of comparable prices over the same period of 1991; its national income reached 25.9 billion yuan, an 8 percent increase over the same period of 1991.

According to the statistical data released by the provincial statistical bureau at today's press briefing, the production situation among state-run industrial enterprises throughout the province in the first half of this year was basically stable. The production growth of other enterprises was faster than before. The total output value of the state-run industrial enterprises showed a 3.5 percent increase over the same period of 1991. Of this increase,

that of large and medium-sized enterprises was 6 percent. The total output value accumulated by collectiverun industrial enterprises showed a 7.8 percent increase and that of other industrial enterprises showed a 69.2 percent increase. The increased scale of heavy industrial production was higher than that of light industrial production. The newly increased output value of heavy industrial enterprises accounted for (?11) percent of the province's newly increased output value accumulated by all industrial enterprises.

Based on the bumper agricultural harvests of 1990 and 1991, the province achieved steady development in grain and livestock products. The total output value, total income, total profits, and total tax revenue of township enterprises showed a more than 20 percent increase over the same period of 1991. The investment in fixed assets increased on a large scale and the investments made by state-run and urban enterprises reached 5.37 billion yuan, a 23.6 percent increase over the same period of 1991.

Foreign trade and particularly the border trade with the CIS achieved steady development. In the first half of this year, the province's total volume of imports and exports reached \$1.27 billion, a 45.2 percent increase over the same period of 1991. Of this volume, exports showed a 39 percent increase.

While developing the economy, the operation of markets throughout the province functioned normally; commodities and goods resources were sufficient; and both purchase and sales were brisk. In the first half of this year, the province's retail sales reached 27.41 billion yuan, an 11.7 percent increase over the same period of 1991. At the same time, the people's living standard in the province was continuously upgraded. The per capita living expenses of urban residents each month was 114.2 yuan, a 14.3 percent increase over the same period of 1991. The volume of bank deposits made by urban residents in the first half of this year reached 38 billion yuan and privately own assets achieved steady development.

While scoring marked achievements in this year's national economy, the province also has some remarkable problems cropping up in economic management, which are as follows: Structural readjustment has become slow, the industrial production is being implemented slowly and thus economic results are being achieved slowly, major economic indexes are still lagging behind those of the country, the number of newly opened production projects is excessive, the release of currency tends to be high, and the scale of inflation is also high.

Heilongjiang Progresses in Using Foreign Funds OW2507040592 Beijing XINHUA in English 0333 GMT 25 Jul 92

[Text] Harbin, July 25 (XINHUA)—Heilongjiang Province in northeast China has made remarkable progress in utilizing foreign investment.

Local officials told XINHUA that in the first half of this year, the province approved 275 projects involving total foreign funds of 166.26 million U.S. dollars. Of these projects approved, 71 are solely foreign funded.

Local officials attributed the sharp increase in foreign investment in the first half of this year to the province's efforts for improving its investment environment.

Jilin's He Zhukang on Accelerating Development SK2507005692 Changchun JILIN RIBAO in Chinese 2 Jun 92 p 1, 2

[By Ye Shangyu (0673 1424 1751) and reporter Guo Yuxue (6753 3768 1331): "Conduct Reform and Opening Up Bravely and Raise Jilin's Economy to A New Step More Successfully and Rapidly"]

[Text] When conducting investigations and study in Tonghua and Hunjiang cities recently, He Zhukang, secretary of the provincial party committee, emphasized the need to more thoroughly study and comprehensively implement the guidelines of Comrade Deng Xiaoping's important talks, carry out reform and opening up bravely, and seize the historical opportunity to raise Jilin's economy to a new step more rapidly and successfully.

Accompanied by Liu Xilin and other comrades, Comrade He Zhukang devoted 10 days from 21 to 30 May to conducting investigations and study in the four counties of Huinan, Jingyu, Fusong, and Changbai and the two cities of Hunjiang and Tonghua. They conducted onthe-spot investigations in more than 20 state, neighborhood, and township industrial and commercial enterprises; inspected border ports and urban small industrial comprehensive development zones; visited peasant households and the bases for conducting education on revolutionary traditions among youngsters; and held discussions with the city and county responsible comrades and directors and the managers of some enterprises. Comrade He Zhukang gave important opinions particularly on how to thoroughly study and implement the guidelines of Comrade Xiaoping's important talks. He said: After studying Comrade Xiaoping's important talks, all localities have broadened their ideas and brought their enthusiasm for reform and opening wider to the outside world to an unprecedentedly high level. The entire situation is good. However, compared with the demands put forward in Comrade Xiaoping's important talks and compared with coastal and advanced localities, there is still a large gap. This gap is reflected not only in the economic development rate but, chiefly, in the extent of the emancipation of our minds. Generally speaking, our minds have not been emancipated enough, and we still have numerous misgivings concerning some issues; we are not brave enough in deepening reform and opening wider to the outside world; our steps are not quick enough; and our sense of the commodity economy is weak and our goals are not high. This is the crucial factor affecting our development at a quicker pace. To solve this problem, the most basic way

still lies in further studying and understanding the guidelines of Comrade Xiaoping's important talks, in thinking deeply about the importance of the guidelines to the overall situation, in smashing the ideological shackles, in clearly understanding and keeping up with the development of the situation, and in firmly seizing the current historical opportunity to conduct reform and opening up bravely. We should note that the situation is spurring us on. We should enhance our sense of urgency, responsibility, and crisis, steel our confidence, go all out to catch up, and strive to surpass others.

Comrade He Zhukang said: How to seize the favorable opportunity to accelerate economic development and raise Jilin's economy to a new step more successfully and rapidly is currently the most important task for the entire party and for the people throughout the province. Comrade Xiaoping's call for reaching a new step upward every few years is not a slogan but a specific task and work goal. We should study it well. We should think specifically about what the new step is, how to achieve it, and what the major measures are. We should let them embody our work, and pay close attention to them. To attain the goal of making a new step upward, we should accelerate the development of all our work. Development is a mandatory requirement. In the process of development, we should strive to guard against the past practice of pursuing a higher development rate onesidedly to the neglect of quality and efficiency. However, we must not lack the courage to accelerate development and attempt to do nothing for fear that there might be problems. To accelerate development, necessary conditions are indispensable. However, we should not emphasize the conditions too much and wait until all conditions are provided before we start. We are bound to miss the opportunity if we do so. As long as we have the basic and major conditions, we should be determined to accelerate development and create new conditions continuously in the work process. Improving our conditions in the work process means positive efforts in order to balance things. We should also have new ideas concerning favorable conditions because development cannot be achieved if we only wait for, rely on, and ask for favorable conditions. Concerning the commodity economy, we should both have the courage to make the best of the available favorable conditions and learn to create favorable conditions through the market. We should make it clear that accelerating development is a nationwide major trend, and that since everyone is quickening the pace, competition and imbalance will become even more conspicuous than before. We are now truly in the period in which no progression means retrogression. We should also note that by saying that no progression means retrogression, we do not mean that we will lag behind if we do not move. Instead, we mean that our disparity with advanced localities will be widened if we develop slowly. This, in fact, means retrogression. We should judge issues from this perspective and have a sense of crisis. Those who understand this early, have more courage, work earnestly and realistically, and use

effective measures will advance ahead of others; those who are hesitant and dilatory are bound to fall behind.

He Zhukang pointed out: To accelerate development, we should further emancipate our minds, change our ideas, extend the degree of reform and opening up, and adopt new ideas and methods for transforming the operating mechanisms of enterprises and for opening to the outside world. If we do not emancipate our minds or change our ideas, and if we continue to stick to the old methods, we will be confused concerning many issues, lack courage, dare not advance, have few methods, and fail to enliven the economy. We should not merely pay lip service to the need to emancipate the mind and change ideas. Instead. we should do practical work, not only in finding out the root cause affecting the emancipation of the mind but also in studying how to emancipate the mind and on what issues we should emancipate the mind, in order to turn the call for emancipating the mind into practical action. The general principle is that we should have the courage to open to the outside world, advance, and develop as long as our moves are conducive to developing the productive forces, enhancing the overall national strength, and bringing about a better living standard. At present, we should decontrol operations and quicken the pace of the reform in various fields, with the focus on transforming the operating mechanisms of enterprises. We should relax control over both industrial and commercial enterprises. Not only should we continue to deepen the reform of their personnel, labor and employment, and distribution systems, but also we should properly relax the control over other systems. The major reason why our province is relatively behind advanced provinces and regions is the late start, small proportion, and sluggish development of our township enterprises and the enterprises of non-public ownership. To reach a new step upward, we should greatly develop township enterprises and encourage the development of the enterprises of non-public ownership. Regarding large and medium-sized state enterprises, we should continue to improve the contracted managerial responsibility system and try out the shareholding system. Regarding the enterprises that suffer prolonged deficits and hold no promise of changing their situation, we should be determined to annex them to others or to sell them. Regarding those that meet all the conditions for bankruptcy, we should be determined to make them bankrupt. We should have the courage to breach this forbidden zone and make a number of enterprises bankrupt within a short period of time. Regarding this issue, we should educate and guide staff members and workers to correctly understand that when an enterprise declares bankruptcy, it is because it cannot survive and has no other choice, not because others make it bankrupt. Enterprises are bound to go into a blind alley if they do not declare bankruptcy when they should. On the contrary, after they declare bankruptcy, they can enliven the stagnant funds and rebuild and develop the projects most needed by the state. This is not necessarily a bad thing. To relax control over enterprise operation, governmen's should transform their functions accordingly, streamline

administration, and transfer power to the enterprises. They should regard delegation of power to the enterprises as a criterion for judging the extent of the emancipation of the mind and change of ideas. They should transfer to enterprises all the power that should be transferred to them so that enterprises will truly have the capacity for independent management, hold responsibility for their own profits and losses, and develop and regulate themselves.

To accelerate development, we should make full use of the existing foundation. This is a shortcut which requires less investment and yields faster results and better efficiency. The basic way is to deepen enterprise reform, transform the operating mechanisms of enterprises, and push them onto the market. Regarding this, we should be resolute in attitude and meticulous and conscientious in doing specific work. We should take numerous factors into consideration, and our relevant measures should catch up. In particular, reform plans should be given to all staff members and workers for discussion. We hope that reform will be accelerated. However, we do not expect success in one move. We must not be careless in doing work. In particular, we should exert earnest efforts to transform the operating mechanisms, achieve success in it, and never be perfunctory. While deepening reform, we should make efforts to open to the outside world more quickly and on a broader scale. We should pay close attention to and achieve success in the adjustment of the organizational structure and product mix of enterprises and should coordinate their technical transformation with the shift in their operating mechanisms and the adjustment of their structure. To accelerate economic development, it is necessary to develop some new projects. However, full scientific appraisal of their feasibility should be conducted, the starting points should be high, and managerial patterns and methods should be new and good. Industrial enterprises developed by the units at and below the county level should mainly be small and medium-sized ones of various ownerships. The key is that their projects should be good and their products readily marketable. We should attach great importance to the role of science and technology in economic development and pay particular attention to respecting, discovering, and protecting trained personnel and encouraging them to come forth in large numbers. We should generously award scientific and technical personnel with outstanding contributions, improve their work and living conditions, and give them some privileges, including the social status they are entitled to enjoy and their protection according to law. We should not be afraid of competition in this regard. Anyone with the same contributions will be given the same treatment. Regarding trained personnel, we should not demand perfection because if we do, there will be no personnel at all.

He Zhukang pointed out: To accelerate economic development, we should attend to two fields of work simultaneously and greatly strengthen party building. Accelerating economic development requires a good social

environment as a guarantee. Stable social order and good social practice are extremely important. While speeding up economic development, we should greatly step up efforts to build the socialist spiritual civilization, improve democracy and the legal system, and effectively crack down on various criminal activities. We should create a good social environment for accelerating economic development. Accelerated economic development, in the final analysis, depends on our party leadership, so we should further improve the party. To raise the leadership level of the cadres at all levels and their ability for understanding and to intensify the cadres' training, we should start with leading cadres; intensify their reeducation on the theory and practice of reform, opening up, and the development of the socialist commodity economy; unify their thinking; and improve their skills to handle the development of the commodity economy.

Comrade He Zhukang pointed out: Our province is at an important juncture of new development. We should see our difference, but all the more should we uplift our spirit, enhance our confidence, work in a down-to-earth manner, and strive to achieve a new leap in Jilin's economic development.

Responsible comrades of the general office and research office of the provincial party committee and the provincial planning and economic commission participated in the investigation and study activities.

Northwest Region

Gansu Province Quickens Pace of Opening Up HK2807001992 Beijing ZHONGGUO XINWEN SHE in English 1422 GMT 27 Jul 92

[Text] Lanzhou, July 27 (CNS)—The Gansu Provincial Government has recently quickened its pace of opening to the outside world with plans for large-scale foreign trade in place.

The province has mobilized all sectors to engage in foreign trade, resulting in persistent growth in exports with trade links with 59 countries and regions. The export value of foreign trade in the province was U.S.\$130.37 million between last January and May, 29 percent up from the same period last year and 11 percentage points higher than the average gain nation-wide. Economic results of foreign trade enterprises have shown an obvious improvement including lower costs, a faster turnover, increased profits and decreasing losses. Gansu obtained a trade value of U.S.\$3.546 million in China's first export technology trade fair held last year in Shenzhen, ranking first across the country.

The province capitalized fully on foreign capital to develop three type foreign-funded enterprises. Gansu had only 45 such enterprises with contractual investment of U.S.\$87.25 million between 1981 and 1991, of which foreign capital made up U.S.\$39.77 million, while there

were 53 enterprises newly approved between last January and June with contractual investment of U.S.\$72.61 million, of which foreign capital made up U.S.\$38.34 million. Gansu set up an office for three type foreign-funded enterprises in a bid to strengthen administration of the introduction of foreign capital.

The Vice Governor of Gansu Province, Mr. Li Ping, speaking at the recently held 27th session of the Standing Committee of the 7th Provincial People's Congress, put forward Gansu's plans for further opening to the outside world and corresponding measures. The province has set its foreign exchange goal at U.S.\$350 million to be earned from exports for 1992 while at the same time striving hard to set up over 100 foreign-funded enterprises, attract over 70,000 overseas tourists and achieve greater development in the absorption of overseas know-how.

Gansu's Gu Jinchi, Lanzhou Commander Greet Forum

HK2807095492 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 20 Jul 92

[Excerpts] Yesterday afternoon, the provincial party committee and government jointly held a forum to welcome a visiting delegation sent by the Lanzhou Military Region and to extend greetings and appreciation to the people of Qingyang prefecture, which is an old liberated area.

To celebrate the 65th anniversary of the founding of the army as well as the 50th anniversary of the Yenan Campaign of Supporting the Army and Providing Preferential Treatment to Families of Revolutionary Martyrs and Armymen as well as Supporting the Government and Cherishing the People [two-support], the Lanzhou Military Region had decided to send delegations to convey greetings and appreciation to the people living in various old liberated areas. Qingyang prefecture used to be an important part of the former Shaanxi-Gansu-Ningxia border region.

The delegation sent to Qingyang to extend greetings and appreciation was composed of 50 people, including people in charge of the Lanzhou Military Region and the

Gansu Provincial Military District, an entertainment performance team, and a medical team. [passage omitted]

During its stay in Qingyang, the delegation will listen to views of various local party committees and governments on how to improve army building and to make locally based troops more effectively escort reform, opening up, and economic development in the various old liberated areas.

The delegation set out from Lanzhou 23 July.

Provincial party committee Secretary Gu Jinchi presided over and delivered a speech at the forum.

On behalf of the provincial party committee and government, Gu Jinchi stated: The delegation's activities will certainly push ahead with and deepen the province-wide two-support work more effectively and practically, thus forging closer ties between the army and the localities.

Lanzhou Military Region Commander Fu Quanyou also delivered a speech.

The forum was also attended by a number of other provincial party, government, and military leaders, including: Li Ziqi, Lu Kejian, Zong Ying, Wang Jintang, Chen Chao, Li Zhaowen, Fu Chong, and Gu Donghai. Wang Bingxiang, Seventh Chinese People's Political Consultative Conference National Committee member, also attended.

Qinghai's Yin Kesheng Cuts Ribbon at Ceremony

HK2807101092 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 20 Jul 92

[Excerpt] The Qinghai Provincial Natural Nutrition Products Plant officially came into operation in Xining vesterday.

[Provincial party committee Secretary] Yin Kesheng, Huanjue Cenam, as well as some leaders concerned from the State Ministry of Commerce attended, extended congratulations, and cut a ribbon at the ceremony. [passage omitted]

Reaction to Taiwan's Cross-Strait Affairs Statute

OW2507012592 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 22 Jul 92

["Commentary" on Taiwan's new statute governing relations between citizens from both sides of the strait, entitled: "Short On Liberalization, But Long On Restriction"; by station editor Yu Xinwen; from the "News and Current Events" program]

[Text] We are now faced with a situation in which the rapid development of exchanges between the two sides of the strait has become an irreversible trend. Particularly noteworthy is the brisk trade and economic exchanges between the two sides of the strait. This important reality reflects the earnest desire of the people on both sides of the strait to open up further. The formulation of regulations governing relations between the two sides of the strait at this time should have been in accord with this objective reality. The 96-article regulations on relations between the two sides of the strait, however, have failed to lift many past restrictions. Although the regulations have sought to deal with some unresolved issues that have appeared in recent years in the course of exchanges between the two sides, those issues are still hanging there and a definite solution for them is still not in sight. Take Article 95 concerning cross-straits direct trade, air and shipping services, and employment of mainland laborers, for instance. A clause is added to this article to the effect that when implementing this article, an administrative department must seek prior approval from the Legislative Yuan. Although the administrative department is empowered concerning decisions on timing for opening up, the clause states that the final decision rests with the Legislative Yuan. At a time when people on both sides of the strait are increasing their exchanges and making strong appeals for direct and two-way exchanges, Taiwan authorities should have responded to the call of the people, followed the trend of the times, and placed this major item which is of vital concern to the interests of the people on the agenda. This article, however, has incorporated a clause which pits administrative organs against legislative departments and sows seeds of distrust between them. A sense of crisis will hang over the future solution of this issue. As to the matter of whether to allow Chinese Communist Party members and mainland officials to visit Taiwan, the regulations fail to squarely address this issue. The so-called Article 77 of the regulations states that those who have committed the crime of sedition will be allowed to enter Taiwan and will be exempt from prosecution and punishment if they truthfully make known this fact in their applications. What is the intention of the Taiwan authorities by including such wording in regulations on relations between the two sides of the strait? Are they serious about defusing hostility or do they want to create hostility? In recent years, hundreds and thousands of Kuomintang Party members have visited the mainland; they have never been subject to restrictions or hostile treatment. A comparison will show that the Taiwan authorities lack a sense of fairness.

The problem of people on the mainland receiving inheritances from people on Taiwan created a big controversy in the Legislative Yuan. Despite this, the stipulation that was finally incorporated into the regulations states that each heir on the mainland is entitled to a maximum inheritance of NT [new taiwan] \$2 million. There is also a stipulation that says that if a house which is inhabited by heirs on Taiwan is a part of an inheritance, the heirs on the mainland do not have the right to inherit it. The discriminatory stipulation has made a mockery of the justice and fairness of the law. Civil law has set clear rules on the inheritance of personal property. One must either respect the will of the person concerned regarding the division of the estate for each of the family members or leave the handling of the matter of inheritance of the estate to family members. There is really no need to specifically set restrictions in the regulations. We do not know if the Taiwan authorities, by using so-called legislative means to handle the relations between the two sides of the strait, which creates de facto discrimination against mainland compatriots, are serious about defusing hostility between the two sides of the strait, or whether they want to increase confrontation between the two sides.

The regulations governing the relations between the two sides of the strait were referred to originally as the law governing relations between people from both sides of the strait. The ones which are now formally adopted are the regulations governing relations between people in the Taiwan area and people on the mainland. This is a fresh attempt by some people who want to make use of the regulations to sell the idea of "one country, two regions." Wording such as "the Republic of China" can be found here and there throughout the regulations. Some people on Taiwan want to assert their so-called legitimacy. These sleight-of-hands will certainly not be favorable to the peaceful reunification of the country.

Although many restrictions exist, some new and creative policies can still be found in the regulations, which we welcome. In many areas, the regulations only laid down stipulations in principle; and in the area of implementation, power is delegated to administrative departments to devise implementation plans, which provides room for flexibility in administrative organs and will enable them to adopt contingency plans according to circumstances. If departments entrusted with the task of implementing the regulations can display a bold spirit, adopt a flexible attitude, and take a realistic approach when implementing the regulations according to the development of an objective situation, the regulations will still have a certain positive significance in promoting exchanges and the development of relations between the two sides of the strait. Whether these regulations will really help create conditions for the development of relations between the two sides of the strait and for the reunification of the country following their formal passage into law, will largely depend on actual moves by the relevant Taiwan authorities in the future.

ARATS Contacts SEF on Vessel Detention

OW2807082592 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 25 Jul 92

[From the "News and Current Events" program]

[Text] Listeners and friends: The Association for Relations Across the Taiwan Strait [ARATS] has written to Taiwan's Strait Exchange Foundation [SEF] on Taiwan's detention of the mainland's Xiagong No. 2 revenue cutter. ARATS reiterated that relevant authorities in Taiwan should attach importance to the righteous cause of cross-strait cooperation in cracking down on smuggling; conscientiously protect the personal safety and dignity of Chen Ruwu and the others; and send Chen Ruwu and the other 31 people, the Xiagong No. 2 revenue cutter, and its weaponry back to the mainland as soon as possible. Please listen to a report from our correspondent (Chen Jinhai):

[Begin recording] Beijing's ARATS on 25 July wrote to Taiwan's SEF. The letter reads: We refer to SEF's letters on 16 and 24 July concerning the issue of the Xiagong No. 2 revenue cutter. According to a letter from the relevant department in Fujian Province, it has been confirmed that the Xiagong No. 2 revenue cutter is a vessel (?chartered) by the antismuggle corps of Xiapu County. Chen Ruwu, Huang Xiaohu, and Ye Qinguang are all officers ordered to carry out an antismuggling mission. Their firearms were provided by the county public security department and were meant to be used on duty.

ARATS reiterated in its letter: Relevant authorities in Taiwan should attach importance to the righteous cause of cross-strait cooperation in cracking down on smuggling; truly protect the personal safety and dignity of Chen Ruwu and others; and send Chen Ruwu and the other 31 people, the Xiagong No. 2 revenue cutter, and its weaponry back to the mainland as soon as possible. [end recording]

Taiwanese Investors Making 'Overseas Chinese' Town

OW 2807082792 Beijing XINHUA in English 0811 GMT 28 Jul 92

[Text] Wuhan, July 28 (XINHUA)—The construction of an "Overseas Chinese" town in Ezhou city of central China's Hubei Province is now going smoothly since it started construction in June.

The town, with a total construction area reaching 246 ha [hectares], will integrate apartments, tourism, a convalescent home, services and recreational facilities.

The town is located near Honglian Lake in Ezhou where the scenery is beautiful and the transport is effective. Investors plan to set up a motorboat recreational center on the lake and a high-grade golf course beside the lake.

The total investment in the "Overseas Chinese" town reached more than 600 million yuan, 90 percent of which is Taiwanese capital.

A Hubei provincial government official said that the building of the "Overseas Chinese" town in Ezhou may provide better services for the economic and technological development zone in the area and also a better environment for overseas investors.

Taiwan Computer Firms Urge Investment in Mainland

OW2707114692 Beijing XINHUA Domestic Service in Chinese 0303 GMT 24 Jul 92

[By reporter Yang Jinzhou (2799 6855 3166)]

[Text] Hong Kong, 24 Jul (XINHUA)—More than 20 computer manufacturers attending a recent forum sponsored by the Taipei County Computers Association urged the Taiwan authorities to allow computer firms to invest in the mainland, according to a report from Taipei.

Participating firms unanimously pointed out: Because of the fierce "price war" in the international computer market and the deterioration of the island's investment environment, Taiwan's favorable position of low production costs and strong competitiveness is gradually disappearing. Despite this, the authorities continue to prohibit the computer industry from investing in the mainland on the grounds of "restricting the exodus of high technology." This is bound to "suffocate Taiwan companies' competitiveness."

Ong Dong, general manager of the Sanguang Weida Co., and Liu Shangen, chairman of the board of the Shanwen Computer Co., said: The mainland can become Taiwan's computer industry production base, as well as a market with a great potential. If Taiwan and the mainland can cooperate with each other, the two sides can supplement each other's needs and develop together. If the Taiwan authorities refuse to approve this cooperation, Taiwan's computer industry will have a hard time developing itself and may not even "survive," let alone "remain rooted in Taiwan."

Guo Yun, chief executive officer of the "Information Industry Strategy Commission," said: Taiwan's computer industry has not been very profitable in recent years. If the authorities continue to restrict investment in the mainland, our competitors may get a head start on the mainland and Taiwan will miss this business opportunity. He called on the authorities to let Taiwan enterprises invest in the mainland in both a large and rapid manner. All participants approved of his position on investing in the mainland.

Statutes on Cross-Strait Relations Published

OW2507045792 Taipei CHUNG YANG JIH PAO in Chinese 18 July 92 p 3

["Major articles" of "Statutes Governing Relations Between People in the Taiwan Region and People in the Mainland Region": numbering as published]

[Text] The spirit of legislation of the "Statutes Governing Relations Between People in the Taiwan Region and People in the Mainland Region" is based on the situation of the country still not being unified and on the normative principle of "one country with two regions." The statute is to deal with legal issues in exchanges between people from the two sides of the strait.

Some of the major articles of the important statute are as follows:

Chapter I. General Principles

Article 1. Before the unification of the country, this statute is hereby enacted to insure the security and welfare of people in the Taiwan region, set norms for contacts between the two sides of the Taiwan Strait, and handle legal issues as a result of such contacts. Things that are not covered by this statute shall be governed by other related laws and regulations.

Article 2. The definitions of terms used in this statute are as follows:

- The Taiwan region means Taiwan, Penghu [Pescadores], Kinmen, Matsu, and other areas ruled by the government.
- The mainland region means territories of the Republic of China excluding the Taiwan Region.
- 3. People in the Taiwan region means people who have records of household registration in the Taiwan region.
- 4. People in the mainland region means people who have records of household registration in the mainland region or people of the Taiwan region who have gone to live in the mainland region continuously for more than four years.
- Article 3. Stipulations of this statute for people in the mainland region also apply to people of the mainland region who are living abroad.

Article 4. The Executive Yuan may establish an organization, designate an organization, or entrust a civilian mass organization to handle things relating to contacts between people in the Taiwan region and people in the mainland region.

The supervision of the aforementioned civilian mass organization will be governed by law.

Article 5. The organization established according to the above article, the designated organization or civilian mass organization, will not be allowed to conclude any

kind of agreement with legal persons, organizations, or other units in the mainland region without the permission of the responsible authorities.

The agreement mentioned above will not be valid unless it is approved by the responsible authorities.

Article 6. To handle affairs relating to contacts between people in the Taiwan region and people in the mainland region, the Executive Yuan may, based on reciprocal principles, allow legal persons, organizations, or other units of the mainland region to establish branches in the Taiwan region.

The establishment of such branches as mentioned above will be governed by law.

Article 7. Documents made in the mainland region will be judged as authentic if they are examined and certified by the organization established by the Executive Yuan and organization or civilian mass organization designated by the Executive Yuan.

Article 8. Judicial organizations may ask or entrust the organization or civilian mass organization as described in Article 4 to handle the delivery of legal documents to or make necessary investigations in the mainland region.

Chapter II. Administration

Article 9. When people in the Taiwan region want to go to the mainland region, they should apply for permission from the responsible authorities.

People of the Taiwan region, after entering the mainland region with the aforementioned approval, must not engage in activities which may endanger national security or interests.

Article 10. People in the mainland region are not allowed to enter the Taiwan region without the approval of the responsible authorities.

People from the mainland region who have entered the Taiwan region with approval must not engage in activities which do not conform to the purpose of their approved visit.

The methods for the above-mentioned approval will be formulated by related authorities and promulgated after they have been approved by the Executive Yuan.

Article 11. Applications for hiring people from the mainland region will be approved only if recruitment in the Taiwan region offering reasonable working conditions does not meet employers' requirements.

The employment period for people from the mainland region who are hired with permission to work in the Taiwan region is not to exceed one year. In addition, they are not allowed to change employers or work.

Labor contracts for hiring people from the mainland region are to be based on stipulations on fixed-term contracts contained in the Labor Standard Law. Article 12. When dependents of people from the mainland region who are hired with permission to work in the Taiwan region are injured, become sick, give birth, or die in areas not covered by labor insurance, they are not allowed to claim insurance payments.

Article 14. A competent organ may nullify the work permission for people from the avainland region who are hired with permission to work in the Taiwan region but who violate these regulations or other laws or decrees.

People from the mainland region whose work permission is nullified should leave the Taiwan region within a specified period. Those who fail to leave within the specified period will be forced to leave according to Article 18.

Article 15. The following acts are prohibited:

- Helping people of the mainland region illegally enter the Taiwan region;
- 2. Soliciting people of the Taiwan region and helping them enter the mainland region without permission;
- Helping people of the mainland region engage in activities without prior approval or in activities that are unrelated to their approved activities;
- Hiring people from the mainland region without prior approval or engaging them in work unrelated to their approved work;
- 5. Asking other people to do the aforementioned things.

Article 16. People from the mainland region who fall into one of the following categories may apply for permanent residence status in the Taiwan region:

- Directly related family members of people from the Taiwan region who are over 70 or under 12 years old;
- Military personnel who are Taiwan natives, but who have stayed in the mainland region since 1945 because of military service problems, and their spouses and other directly related family members;
- Former military officers and soldiers from the national armed forces who were captured in battle or while carrying out special missions after the government moved to Taiwan in 1949, and their spouses and other directly related family members;
- Persons who were sent at government expense to study in the mainland region before the government moved to Taiwan in 1949, and their spouses and other directly related family members;
- Descendants of Taiwan natives who went to the mainland region before the government moved to Taiwan in 1949, who had their household registration in the Taiwan region, and who have directly related family members or brothers or sisters in the Taiwan region;

 Fishermen and sailors who had household registrations in the Taiwan region, but have stayed in the mainland region because of shipping accidents or other unresistible forces occurring before 1 November 1987;

The numbers per year of people from the mainland region who apply for permanent residence status in the Taiwan region according to the stipulation of provision one may be limited.

The spouses and other directly related family members of people from the mainland region who meet the requirements specified in provisions five and six may also apply for permanent residence status in the Taiwan region.

Article 17. People from the mainland region who fall into one of the following categories may apply for residence status in the Taiwan region:

- Spouses of people from the Taiwan region who have been married for two or more years or who have children:
- Those who are approved by competent organs based on political, economic, social, educational, science and technological, or cultural reasons.

In the case of provision one, spouses in the Taiwan region who remarried before 1 November 1987 should have the consent of their new spouses before they apply for their new spouse's residence status in the Taiwan region.

The categories and numbers per year of people from the mainland region who apply for resident status in the Taiwan region according to the stipulation of provision one may be limited. The categories and numbers are to be announced by the Executive Yuan after receiving the Legislative Yuan's consent.

Those who apply in accordance with provision one's stipulations for residence status in the Taiwan region may apply for permanent residence status after they have continuously resided in the Taiwan region for more than two years.

People from the mainland region who are given residence status in the Taiwan region in accordance with provision one's stipulations or who are given permanent residence status in accordance with aforementioned stipulations will be deprived of their residence status or household registration and will be forced to leave the Taiwan region if evidence shows that their marriages are false.

Article 18. Before judicial proceedings begin or end, security organs may expel people from the mainland region who enter the Taiwan region and who fall into one of the following categories:

People entering the Taiwan region without permission;

- 2. People who enter the Taiwan region with permission but whose permission of stay has expired;
- 3. People engaging in activities unrelated to their approved activities;
- People who have been proven to have committed crimes:
- People who have been proven to have caused a threat to national security or social stability.

Those falling in the above-mentioned five categories may be given temporary shelter before they are forced to leave the Taiwan region.

Provisions one and two are also applicable to those who entered the Taiwan region before these regulations were put into force.

Article 20. People from the Taiwan region who fall into one of the following categories should bear the expenses incurred in expelling people from the mainland region:

- Those who help people from the mainland region illegally enter the Taiwan region;
- Those who illegally hire people of the mainland region;
- Those whose employees from the mainland are expelled according to provisions two or three of Article 14.

Organs responsible for enforcing the expelling are to issue relevant documents to those obliged to bear expelling expenses and to notify them to pay the expenses within a specified period. Those who fail to pay the expenses within the specified period will be handed over to the court.

Article 21. People of the mainland region who enter the Taiwan region with permission are not allowed to register themselves as candidates for government posts; to serve in the armed forces, government organizations, schools, and institutions and enterprises run by the government; and to organize political parties, unless they have had a household registration in the Taiwan region for more than 10 years or unless the case is governed by appaicable laws.

Article 22. The regulations for examining academic qualifications received in the mainland region and for recognizing these qualifications of people of the Taiwan region as well as those of people of the mainland region who have acquired permanent residence status in the Taiwan region are to be formulated by the Ministry of Education and promulgated after they are approved by the Executive Yuan.

Article 23. People, legal persons, civic bodies, and other organizations of the Taiwan region, the mainland region, and other regions are not allowed to enroll students from

the Taiwan region in educational organs from the mainland region or to serve as a middleman for these educational organs.

Article 24. For individuals, legal persons, groups, and organizations in the Taiwan area who draw income from mainland sources, such income should be combined with income from Taiwan sources for income tax purpose.

Taxes paid in the mainland shall be allowed to be deducted from payable taxes.

The amount to be deducted shall not exceed the portion of the additional tax payable as a result of the inclusion of income from mainland sources and calculated at the appropriate tax rate.

Article 26. Retired personnel of the military, government, education, and public-owned organizations drawing monthly pensions who intend to go to the mainland and make it their permanent residence may apply for and receive a one-time payment of the balance of their annuity calculated on the basis of the lump-sum payment receivable at the time of retirement, taking into account their length of service and the amount of the monthly pay receivable by personnel of the equivalent rank and and grade at the time of their application, excluding the amount of the monthly pensions already received. Those without a balance or with a balance less than half of the lump-sum payment receivable at the time of retirement shall be given a one-time payment equivalent to half of the amount of the lump-sum payment receivable at the time of retirement.

Personnel described in the above paragraph who have dependents in the Taiwan area should obtain the approval of the dependents before applying.

Article 27. Retired servicemen receiving a living allowance from the Vocational Assistance Commission for Retired Servicemen of the Executive Yuan who are approved to settle in the mainland for permanent residence shall continue receiving the living allowance.

Article 28. Boats, airplanes, and other transportation tools of the Republic of China shall not enter the mainland without the approval of the proper authorities.

Article 29. Boats, airplanes, and other transportation tools of the mainland shall not enter restricted or forbidden waters of the Taiwan area and the restricted zone of the Taipei Flight Information Zone.

Article 30. Neither foreign boats, airplanes, or other transportation tools are allowed to operate directly between ports of the Taiwan area and the mainland, nor is it allowable to use foreign boats, airplanes, or other transportation tools to operate scheduled services, including services between ports of Taiwan and the mainland area via a third region.

The Ministry of Communications may restrict or ban foreign boats, airplanes, and other transportation tools leased, invested, and operated by individuals, legal persons, groups, and other organizations in the mainland area to enter seaports or airports in the Taiwan area.

The Ministry of Communications may request the Executive Yuan to lift, entirely or partially, the ban stipulated in the previous paragraph.

Article 31. Air defense units shall warn off or adopt necessary defensive measures if a civilian aircraft from the mainland makes an unauthorized flight into an area in Taipei that is restricted for intelligence purposes.

Article 32. Where a mainland vessel enters Taiwan's restricted or prohibited territorial waters without permission, competent agencies shall dispel it; detain it, along with the articles and personnel on board; or take necessary defensive actions.

Article 33. Individuals, legal persons, organizations, or other agencies in Taiwan may not serve, without the permission of the competent agencies, as members of or hold any posts in any mainland-based legal persons, organizations, or agencies. They also may not jointly set up legal persons, organizations, or other agencies with their mainland counterparts, or form alliances with them.

Article 34. Without permission from competent agencies, individuals, legal persons, organizations, or other agencies in Taiwan may not bring in, produce, distribute, handle by proxy, broadcast, or publish advertisements in Taiwan on mainland products, labor services, or other activities, whether through the agency of others or themselves, or on their own initiative. They also may not engage in other promotional activities.

Article 35. Without permission from competent agencies, individuals, legal persons, organizations, or other agencies in Taiwan may not invest in or carry out technology cooperative projects with the mainland. They also may not engage in trade or other commercial activities with their mainland counterparts.

Those who conducted, without permission and prior to the implementation of this statute, investment, technology cooperation, trading, or other commercial activities as specified in the preceding paragraph shall apply for permission with competent agencies within three months from the day procedures for obtaining permission for such activities are implemented. If the parties concerned have failed to apply after the deadline, or to gain permission upon application, they shall be considered as having acted without permission.

Article 36. Without permission from competent agencies, banking and insurance institutions in Taiwan, or their branches in countries or regions outside of Taiwan, may not establish direct business contacts with mainland-based legal persons, organizations, or agencies, or their branches in countries or regions outside of the mainland.

The Ministry of Finance shall work out procedures for granting permission for contacts mentioned in the preceding paragraph and shall submit them to the Executive Yuan for approval and promulgation.

Article 37. Without permission from competent agencies, no mainland-based publications, movies, video shows, or radio and television programs may be allowed into Taiwan or be distributed, produced, or broadcast in Taiwan.

The Government Information Office under the Executive Yuan shall work out procedures for granting permission for activities mentioned in the preceding paragraph and shall submit them to the Executive Yuan for approval and promulgation.

Article 38. Mainland-issued currency and negotiable instruments shall not be allowed into Taiwan; however, those cleared with customs upon entry may be taken out.

Article 39. Chinese relics from the mainland may be transported out of Taiwan if they have been shipped in for public display with the permission of the competent agencies.

Other than the relics mentioned in the preceding paragraph, competent agencies shall restrict or ban the public display in Taiwan of cultural relics and artifacts from the maining of if the latter violate laws and regulations, endanger public order, or undermine social customs.

Article 40. Mainland-based articles shipped or handcarried into Taiwan shall be regarded as imports, and they shall be subject to laws and regulations governing shipped-in articles in the areas of inspection, quarantine, management, and customs collection and administration.

Chapter III. Civil Cases

Article 41. Unless specified otherwise in the statute, law in the Taiwan area shall apply to civil cases between people from the Taiwan area and people from the mainland area.

Unless specified otherwise in the statute, regulations in the mainland area shall apply to civil cases between people in the mainland area and between them and foreigners.

The terms of place of act, contract, occurrence, and performance, the locus, and the place of litigation or arbitration in this chapter refer to Taiwan or the mainland areas.

Article 42. Where the Statute stipulates that regulations of the mainland area shall apply and where different mainland regulations exist, the regulations of the place of residence of the parties shall apply.

Article 43. Where the Statute stipulates that regulations of the mainland area shall apply and where there are no explicit stipulations in the mainland area concerning the

legal relationship or the mainland regulations defer to the law of the Taiwan area, the law of the Taiwan area shall apply.

Article 44. Where regulations of the mainland area shall apply in accordance with statute and where regulations of the mainland area contradict public order or good customs, the law of the Taiwan area shall apply.

Article 45. Where an act or fact of legal relationship in a civil case occurs in both the Taiwan area and the mainland area, the Taiwan area shall be the place of act or fact.

Article 52. The regulations of the place of act shall apply in determining the method and other requirements of marriage or divorce by mutual agreement.

The law of the Taiwan area shall apply in determining the reasons for ruling on divorce.

Article 53. Where one spouse is from the Taiwan area and the other is from the mainland area, the validity of the marriage or divorce shall be in accordance with the law of the Taiwan area.

Article 54. Where a person from the Taiwan area and another from the mainland area marry in the mainland area, the system governing the couple's property shall be in accordance with the regulations of the mainland area. Property in the Taiwan area, however, shall be governed by the law of the Taiwan area.

Article 55. The requirements for claiming children out of wedlock shall be in accordance with the regulations of the place of residence of the claimer and the claimed.

The validity of the claim shall be in accordance with the regulations of the place of residence of the claimer.

Article 56. The establishment and termination of adoption shall be in accordance with the regulations of the place of residence of the adoptor and the adopted.

The validity of the adoption shall be in accordance with the regulations of the place of the adopter.

Article 57. Where one parent is from the Taiwan area and the other is from the mainland area, the legal relationship between the parents and the children shall be in accordance with the regulations of the place of residence of the father, where there is no father or the father is a dependent of the mother, the regulations of the place of residence of the mother shall apply.

Article 59. The obligation of support shall be in accordance with the regulations of the place of residence of the person responsible for the support.

Article 60. Where an inheritor is from the mainland area, matters concerning inheritance shall be in accordance with the regulations of the mainland area. The inheritance of property in the Taiwan area, however, shall be in accordance with the law of the Taiwan area.

Article 61. The requirements for making or rescinding the will of a person from the mainland area and the validity of the will shall be in accordance with the regulations of the mainland area. The donation of property in the Taiwan area through the making of a will, however, shall be in accordance with the law of the Taiwan area.

Article 62. Mainland-issued regulations shall apply to conditions necessary for performing or retracting an act involving donations by individuals on the mainland. They shall also apply to the validity of such an act. Where the donated property is located in Taiwan, the laws of the latter shall apply.

Article 63. Legal relations of a civic nature established prior to the implementation of this statute between individuals in Taiwan and on the mainland, among individuals on the mainland, and between mainland individuals and foreigners shall be deemed valid, without prejudice to Taiwan's public order or wholesome social practices. The same is true with the rights and obligations arising from such relations.

The preceding paragraph shall not apply if the exercise or transfer of rights has been subject to other laws and regulations prior to the implementation of this statute.

Before national unification, no action shall be taken regarding the following debt obligations:

- Outstanding bonds denominated in foreign currency and issued on the mainland before 1949, or short-term government gold bonds issued in 1949; and
- All debt obligations incurred by national institutions and bureaus, or by the financial institutions with which they banked, before the government withdrew from the mainland.

Article 64. Interested parties may not apply for a nullification of the original marriage, if either spouse of a couple who live separately—in Taiwan and on the mainland—remarried before 4 June 1985. Remarriage entered into after 5 June 1985 and before 1 November 1987 shall be considered valid.

In cases where both spouses have remarried, the original marriage shall become null and void on the day of the later one of the remarriages.

Article 65. Except for circumstances specified in the fifth paragraph of Article 1079 of the Civil Law, the courts shall not recognize any of the following circumstances regarding the adoption of mainland-born children by individuals in Taiwan:

- 1. Where the individuals concerned already have children of their own or have adopted children;
- Where the individuals concerned adopt more than two children at the same time; and

3. Where the individuals concerned adopt children without undergoing verification by agencies established or designated by the Executive Yuan or by civic groups commissioned by the Executive Yuan for this purpose.

Article 66. Where individuals on the mainland inherit property from individuals in Taiwan, they shall file a written notice within two years of inheriting the property with the court where the individuals making the inheritance reside. Failure to do so after the deadline has passed shall be considered a waiver of inheritance rights.

Where the property is inherited before the implementation of this statute, the time limit mentioned in the preceding paragraph shall commence from the day of the implementation of this statute.

Article 67. Where individuals on the mainland inherit property in Taiwan in accordance with the law, the total value of property acquired by each of them may not exceed 2 million New Taiwan [NT] dollars. The excess property shall be given to individuals in Taiwan who have the same right to inheritance. In the absence of such individuals, the excess property shall be given to individuals in Taiwan who are next in the inheritance line. In the absence of individuals of either of the aforesaid categories, the excess property shall be appropriated into the national coffers.

This statute shall not apply to property legally taken into the national coffers before its implementation. Money in special accounts established for temporary custody in accordance with laws and regulations shall be handled pursuant to this statute.

Where the testator wills his property in Taiwan to individuals, legal persons, organizations, or other agencies on the mainland, the total value of such property may not exceed NT\$2 million.

Inheritors on the mainland may not acquire property referred to in the first paragraph, if it is immovable property on which inheritors in Taiwan reside. The value of such property shall not be included in the total value of inheritance.

Where individuals on the mainland cannot secure rights to immovable property through inheritance pursuant to relevant regulations, said rights shall be converted into monetary terms.

Article 69. Individuals on the mainland may not secure or establish rights to immovable property in Taiwan; nor are they allowed to lease various types of land specified in Article 17 of the Land Law.

Article 70. Legal persons, organizations, or other agencies from the mainland region shall not engage in legal proceedings in the Taiwan region without permission.

Article 71. If a legal person, organization, or agency from the mainland region should engage, under its own name, in legal proceedings with other parties in the Taiwan region without permission, all parties to the proceedings shall bear joint liability for their act.

Article 72. Without permission from competent agencies, legal persons, organizations, or other agencies from the mainland region shall not hold membership or any offices of any legal persons, organizations, or other agencies in the Taiwan region.

The competent agencies concerned shall work out procedures for granting the permission mentioned in the preceding paragraph and shall submit them to the Executive Yuan for approval and promulgation.

Article 73. Recognition may not be granted to foreign companies in which individuals, legal persons, organizations, or other agencies from the mainland region hold a total of more than 20 percent of the shares. Any recognition already granted may be revoked.

This provision shall also apply to foreign companies in which individuals, legal persons, organizations, or other agencies from the mainland region act as the most influential shareholders.

Article 74. Without prejudice to public order or wholesome social practices in the Taiwan region, adjudications on civil cases or decisions on civil arbitrations made in the mainland region may be granted recognition by the court upon application.

Chapter IV. Criminal Cases

Article 75. Those who committed crimes in the mainland region or aboard mainland vessels or aircraft and who have been punished in the mainland region shall still receive a sentence in accordance with the law. Nonetheless, the convict may be exempted entirely or partially from serving the sentence.

Article 76. Either spouse of a married couple living separately in Taiwan or on the mainland who has committed bigamy or has lived together with a non-spouse in pursuit of a long-term relationship prior to 1 November 1987 shall be exempted from retroactive legal action or punishments. This provision shall also apply to the other party to the bigamy or the extramarital living partner.

Article 77. Any residents of the mainland region who committed, in regions outside Taiwan, crimes in violation of domestic or foreign laws and who enter the Taiwan region with permission may be exempted from retroactive indictment or punishments, if they have declared the truth in their entry applications. This provision shall also apply to any such persons who enter the Taiwan region to participate in meetings or activities conducted with the approval of competent agencies, after being exempted from making the declaration by an ad hoc approval.

Article 78. If the copyrights or other rights of residents of the mainland region should be violated in the Taiwan region, their rights to demand a public prosecution or to institute private legal action shall be limited to the rights of litigation enjoyed by Taiwan residents in the mainland region.

Chapter V. Punishment

Article 79. Violators of Clause (1) of Article 15 shall be given not more than five years of fixed-term imprisonment or detention, or a maximum fine of NT \$500,000, or both.

Article 80. Owners or operators of vessels, aircraft, or other transports of the Republic of China or ship and aircraft captains or drivers of other transports who enter the mainland area in violation of the first provision of Article 28 shall be given a maximum fixed-term imprisonment or detention of three years, or a fine of NT \$1 million to NT \$5 million, or both. Nonetheless, entry into the mainland region out of a decision by the ship or aircraft captains or drivers of other transports themselves shall subject only the captains or drivers to punishment.

Article 81. Persons who take part in deciding on establishing direct business contacts without permission in violation of Article 36, shall be given up to three years of fixed-term imprisonment or detention, or a fine between NT \$1 million and NT \$15 million, or both.

Article 86. Persons who engage in investment, technological cooperation, trade, or other commercial activities in violation of the first provision of Article 35 shall be fined an amount between NT \$3 million and NT \$15 million and be ordered to stop the investment, technological cooperation, trade, or other commercial activities within a time limit; and shall be liable to further punishments upon failure to stop such activities within the time limit.

Chapter VI. Supplementary Articles

Article 95. Prior to carrying out work related to direct exchange of trade and direct exchange of air and shipping services between the Taiwan region and the mainland region, as well as to entry by residents of the mainland region into the Taiwan region, competent agencies shall obtain an approval by resolution of the Legislative Yuan. In the event of failure on the part of the Legislative Yuan to vote on a resolution within one month of its session, consent is deemed to have been given.

Article 96. Detailed rules and regulations and the date for enforcing this statute shall be decided by the Executive Yuan.

Two Boats Reportedly Attacked by Mainland Vessel

OW2707214992 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 26 Jul 92

[From the "Hookup" program]

[Text] In the early morning of 26 July on the waters near Peng-chia-yu, two Taiwan boats were successively fired at, intercepted, and chased by a steel-hulled boat from the mainland. The Taiwan boats were Ming Yang No. 31, a transport registered in Suao, Ilan County, and (Chin-chun-sheng), a fishing boat registered at Keelung. About a dozen mainlanders boarded Ming Yang No. 31 and stung its skipper and radio operator with a stun gun. They did not flee until fraternal boats of Ming Yang No. 31 arrived on the scene.

The fishing boat (Chin-chun-sheng) was chased by a steel-hulled boat from the mainland for one hour until a naval ship—with pendant number 83—came to its rescue. The mainland boat then fled. The navy believes that the mainland boats involved in the two incidents were actually one vessel, since both appeared in the same area and niether bore any name on the hull.

According to the Ming Yang Company, the skipper and the radio operator who were stung by the stun gun are in good condition, and the boat is expected to return to Suao Harbor today [27 July] with its cargo of fish.

SEF Demands End to 'Harassing'

OW2807092492 Taipei CNA in English 0756 GMT 28 Jul 92

[Text] Taipei, July 28 (CNA)—The government-funded Straits Exchange Foundation (SEF) has demanded Peking authorities stop mainland vessels from attacking or harassing Taiwan fishing boats operating in the Taiwan Straits.

The SEF, a non-profit organization dedicated to the promotion of civilian exchanges between Taiwan and the mainland, has asked its Mainland Chinese counterpart to convey its demand to proper Peking authorities, a SEF spokesman said yesterday.

In a message to Peking's Association for Relations Across the Taiwan Straits (ARATS), the SEF said the recent series of incidents in which several Taiwan fishing boats were victimized by unidentified mainland ironhulled vessels have caused grave concern here.

"We hope you'll tighten control over your vessels and seamen in order not to worsen cross-straits relations," the SEF said in the letter.

It warned that Peking's failure to strictly discipline its fishermen or security officers would give Taiwan people an impression that Communist Chinese authorities had connived at such pirating acts.

The SEF asked Peking to put "official" marks on its anti-smuggling boats so they can be identified if they intrude into ROC territorial waters and harass Taiwan fishing boats.

Two local fishing boats were attacked in waters off northeastern Taiwan coasts last weekend by an unidentified iron-hulled vessel, which was believed to be from the mainland. Tsai Ching-hsiang, captain of one of the attacked vessels, said upon return to Suao yesterday that the mainland ship shot at his boat, the "Ming Yang No. 31," before mainland officers boarded the llan-based Taiwan boat.

He said there were no flags nor marks on the mainland boat, and the mainland officers did not wear uniforms nor carry ID cards when they searched ming Yang No. 31. "They acted as pirates," Tsai recalled. One Taiwanese crew member was injured during the incident.

Commenting on the case, Ma Ying-jeou, vice chairman of the Mainland Affairs Council [MAC], said it was very similar to the "Xiagongji No. 2" incident.

The Xiagongji No. 2, a mainland customs cutter, has been detained here since it was caught by an ROC naval ship early this month for shooting at a Keelung-based fishing boat off northeastern Taiwan coasts.

The mainlanders aboard the "Xiagongji" later claimed that they were on an anti-smuggling duty when they mistakenly opened fire at the Taiwan boat.

The Xiagongji also did not carry any identification marks when the incident occurred, Ma noted.

The MAC will study why mainland authorities have been reluctant to put official marks on their customs cutters and have not required their customs and security officers to wear uniforms when performing antismuggling duties, Ma reported. "We'll look into the backgrounds of all these recent incidents and will work out tough measures to prevent the recurrence of similar disputes," he added.

MAC To Verify Report on Ship Interception

OW2707090292 Taipei CNA in English 0747 GMT 27 Jul 92

[Text] Taipei, July 27 (CNA)—Ma Ying-jeou, vice chairman of the Mainland Affairs Council [MAC], said over the weekend he was trying to verify a news report that a Taiwan merchant ship was intercepted last month by a Communist Chinese boat on high seas. The news report said the ship "Tai Peng," which was hired by the Navy to carry foods and other daily necessities to troops stationed on Tungsa (Pratas) Islands, was intercepted on June 13 by Mainland China's armed boat "Yu Tan No. 4." Several uniformed officers got on the Taiwan ship and released it after inspecting the cargo on board.

Ma declined to confirm another news report that the Navy Headquarters has asked the Straits Exchange Foundation (SEF) to contact its Mainland Chinese counterpart, the Association [for Relations Across the Taiwan Strait], for verification of the incident and to make a protest against the action on high seas. The SEF is an unofficial organization dedicated to the promotion of civilian exchanges between Taiwan and the Chinese mainland.

Hong Kong

UK's Hurd Notes Hong Kong Issues Upon Arrival HK2607055192 Hong Kong RTHK Radio in English 0500 GMT 26 Jul 92

["Radio Television Hong Kong News at One"]

[Text] The British Foreign Secretary Douglas Hurd says he is confident the airport issue will be resolved within the framework of the Memorandum of Understanding between Britain and China.

Speaking on his arrival in the territory, Mr. Hurd said he didn't know when an agreement would be reached, but said he would prefer to see the issue settled as soon as possible.

Mr. Hurd was asked if he was confident of an early solution.

[Begin Hurd recording] There will be agreement. I don't know how it will take because it takes two sides to reach an agreement. But we have the framework of the Memorandum of Understanding, the airport agreement; that's a good framework. And I am sure that this particular problem can be resolved in that framework. [end recording]

During his three-day stay, Mr. Hurd said, he will be listening to the views of local community leaders.

[Begin Hurd recording] I agreed with the governor before he came out, that I'd come to Hong Kong for a couple of days now, not to announce any great decisions but to listen to people as I've done several times before, members of Exco [Executive Council], members of Legco [Legislative Council], business community; see one or two things; and, also talk to the governor and his advisers to see how their minds are working. But it'll take a bit of time yet before decisions on the constitutional matters are announced. So this is taking stock and bringing myself up to date. This is the most stimulating place in the world to come to. I don't say that everywhere I go. [end recording]

The deputy director of the New China News Agency, Zhang Junsheng, says the airport project is important for the territory and he hopes the problems over its construction can be resolved as soon as possible.

Speaking to reporters after attending the topping-out ceremony of a Causeway Bay hotel, Mr. Zhang said he didn't know when further discussion between the British and Chinese teams over the airport would take place.

Plays Down 'Growing Rift'

HK2607035792 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 26 Jul 92 p 1, 2

[By Michael Bociurkiw and Teresa Albor in Manila]

[Text] On the eve of his trip to Hong Kong, British Foreign Secretary Mr Douglas Hurd played down the growing rift between Britain and China over the airport project, dismissing Chinese criticisms as merely "background music".

"I believe things can be thrashed out," Mr Hurd said in an interview with the Sunday Morning Post.

But while expressing confidence in the airport talks, Mr Hurd said the Hong Kong trip, which begins today, was not likely to yield and new decisions on the project or other important Hong Kong issues.

"I'm not going with any specific agenda," he said.

"I agreed with the Governor, before he left London, that I would look in at this stage, just to listen to one or two people and to begin to see how his mind was shaping on the various issues that he's thinking about.

"But he made clear to me that this would take him sometime. So I'm not expecting him to reach decisions on the various things that he has settle."

A British Foreign Ministry official described the Hong Kong visit as an informal mission to gauge various issues.

"This is not a decision trip—it's a talking trip," said the official.

Mr Hurd was in Manila to attend talks associated with the 25th annual conference of the Association of Southeast Asian Nations (ASEAN).

Hopes for an early deal on the Hong Kong airport faded last Tuesday which China said the project could become a "tiger's mouth" swallowing the wealth of the territory.

According to newspaper reports, Chinese officials accused Britain of acting like a bully.

Mr Hurd, when asked about the accusations, said: "I don't reply to newspaper reports...we want to get on with the discussion and we shall.

"There's a negotiation going on. It has to be settled within the framework of the airport agreement of last year,[as received]

"And I notice that there is a certain amount of 'background music'."

Mr Hurd supported this view, but avoided making a prediction about whether the project would be completed by the target deadline of 1997.

Mr Hurd, when asked to assess Mr Patten's performance so far, applauded his work.

He said in recent remarks on the airport project, Mr Patten had shown a strong depature from his predcessor Lord Wilson, who had rarely commented publicly on difference between Hong Kong and Beijing. "He seems to have gone down like a bomb, but I'll be able to judge that better when I get there," he said.

"He's made a flying start."

Holds News Conference

HK2707151892 Hong Kong Television Broadcasts Limited in English 1000 GMT 27 Jul 92

[News conference given by Douglas Hurd, United Kingdom secretary of state for foreign and Commonwealth affairs, chaired by Hong Kong Governor Chris Patten, at the Hong Kong Government Information Services office—live]

[Text] [Patten, in progress] ...the Foreign Secretary has been able to visit Hong Kong for a couple of days so soon after my arrival as governor. He is a very welcome visitor, and we'll look forward to seeing him on many future occasions. I know that the Foreign Secretary would like to say a few things himself, and then if there are any questions, though they are not mandatory, we'll be happy to answer them until about half past, but I wouldn't want to detain you from the evening's entertainments for too long. Foreign Secretary:

[Hurd] Well, of all the many places that I visit, this is certainly the most stimulating-with your help, with your help. And I am delighted to find Hong Kong full of energy and enthusiasm. [turns to Patten] You described it in your speech at City Hall as one of the wonders of the world, and that is undoubtedly true. I was last here in September last year, and it is always interesting to note changes between visits. Since then, of course, we have had an election in Britain, which we won, and which ensures continuity in British Government policy towards Hong Kong. It also had the indirect result of enabling us to send one of our strongest political leaders to Hong Kong as the governor. All my talks today, and much that I've heard before, convinces me that Chris Patten has made a strong start, and you will do well in his hands. I wanted, indeed I agreed with him before he left London, that I would come to have an early discussion with him to talk over some of the political developments and the issues involved. I am not here, as I've made clear from the beginning, to announce any quick decisions on these political matters. The governor is consulting very widely and thoroughly, and he will be forming a view, and we will be forming a view in autumn.

I wanted to see something of new developments. I saw the container terminal at Kwai Chung this morning, which is spectacular evidence of Hong Kong as the crossroads of Europe and Asia, of the Pacific rim and China, and as a funnel by which China's trade [passage indistinct] busiest container port. I also visited Tsuen Wan district, went round with the Governor the Clay Garden Housing Development, as well as the (Yangyang) Institute. More important, I talked to, listened to, a wide range of people here—business leaders at lunch; the chairmen of the district boards, who do a very substantial and important job, this morning; chairmen of the

Urban and Regional Councils; Omelco [Office of Members of the Executive and Legislative Councils] this afternoon; members of Exco [Executive Council] this afternoon; so that's quite a lot of listening in one day.

Three short impressions: The integration of the economies of southern China and Hong Kong has advanced very fast, is now something almost everybody talks about. It is a fact of life; it is good news for Hong Kong; it is good news for China. It shows that cooperation works to the benefit of all. It is based on the free market approach, identified with Hong Kong. It shows the importance, incidentally, to Hong Kong of retaining China's MFN status, and that is a point we consistently ram home in Washington.

So you have got—this is the second point—you have got cooperation without fuss, without drama, in the business field, between China and Hong Kong. We must try to translate that same spirit of cooperation, without fuss and without drama, into the discussions at government level. There is a strong wish here, which I share, to find, to build a good, constructive relationship between Britain and China through these final years of transition in Hong Kong, and that is what we intend. The MOU [Memorandum of Understanding] on the new airport signed by the prime minister and Premier Li Peng last year is a sound framework for this project, a project which is crucial for Hong Kong's future role at the center of this region. Further discussions are needed to resolve some of the questions of financing. We shall continue to keep this airport question, of course, separate from any other matters. We believe that when these remaining questions are tackled on their merits, we will find the solution. So the airport will be built. There was uncertainty about this last year, but the Memorandum of Understanding removed that uncertainty. The airport will be built; it is a shared interest to Hong Kong, China, and Great Britain. We now have to settle, in the meeting places provided for that purpose, the questions which are outstanding and which have been slow to settle.

Final point: The future of Hong Kong, rests, as it has for eight years, on carrying through the Joint Declaration. The practical carrying through of that declaration in the Joint Liaison Group [JLG] is not always as quick as you or I would like, and we shall go on trying to speed it up. That remains the basis. Preserving the way of life which is clearly defined in the Joint Declaration, the way of life which you know and from which you benefit, is vital to the future success of Hong Kong.

[Patten] Thank you very much, Foreign Secretary. Perhaps we could proceed in our normal, disciplined fashion. And what I would be grateful for is if you could, before answering [as heard] your question, give us your name and the organization which you represent, and I would also be grateful, and so would all your colleagues in the press corps, if you would ask one question rather than make a lengthy rhetorical contribution. Yes?

[Reporter] Daisy Lin of [words indistinct]. Can you tell us your evaluation about the Sino-British relationship since the signing of the Memorandum? Has it been deteriorated?

[Hurd]: I don't think our general relationship between Britain and China has deteriorated; that was the question. It has its ups and downs. I believe, basically, it is sounder than it was some years ago. Why? Because we now have found it possible to discuss a wider range of things, frankly, with the Chinese Government than used to be so, and we have a wide range of things to discuss. Much the most important element in the relationship between Britain and China is Hong Kong. Hong Kong comes first in our relationship with China, and therefore we have to use what has been built, use that ability to have a frank discussion. We have to use that ability for the benefit of Hong Kong in the ways that I've described.

[Reporter] Geoff Cutmore from ATV: Is there still a British commitment to increase the number of directly elected seats to Legco [Legislative Council], particularly in the light of Chinese, stiff Chinese opposition to any greater pace of democracy?

[Hurd] What we have said repeatedly is that we will discuss with the Chinese the arrangements for 1995, and in particular, this question of the number of directly elected seats, because we would like to see continuity, the through train. We would like to see the arrangements which we decide for 1995 carried through after 1997. Now this is part of the general review which the governor is making of different aspects of Hong Kong's constitutional life. Let me say, let him say, that he is listening, he is studying, and it will not be long, it will be not very long before he reaches conclusions, shares them with us, and then we will discuss as necessary with Peking.

[Reporter] Lydia Chen from HONG KONG UNITED DAILY NEWS. Mr. Hurd, the Chinese side has already criticized the callable equity went beyond the MOU, [words indistinct] MOU. But yesterday at the airport, you still mentioned that the financial dispute will be solved according to the MOU. How can this be done?

[Hurd] Well, I wouldn't pay too much attention to background music. Whenever there is a negotiation on this kind of matter, there tends to be a certain amount of reports in the press, comments in the press, on both sides of the argument. What counts is the discussion. There've been discussions on this outstanding financial matter in Peking. There've been discussions here, in the Airport Committee. There's a further meeting of the Airport Committee this week. I hope very much....[Hurd changes thought] And there are other proposals and counterproposals on this matter within the framework of the MOU. That's the right way to tackle it, and I hope very much that it can be solved in that way.

[Reporter] [Name indistinct] from HONG KONG ECO-NOMIC TIMES: Mr. Foreign Secretary, one of the focus points of the constitutional development in Hong Kong is about the Exco. Would Martin Lee be appointed to be an Exco member?

[Hurd] It's not a matter of me. Nor incidentally, is it a matter for the People's Republic of China. It's a matter for the governor.

[Patten] And if you'd like me to give the answer which I've given so often that you're only too familiar with, I'd be delighted to do so. And the answer is, and you may have been away when I have given it before, is that at the moment I am discussing with the leaders of the community the role and functions of the governing institutions of Hong Kong, and when I've completed those discussions, that is the time to consider the question of the composition of those bodies. And I'll be happy to do so at that moment.

[Reporter] Steve Vines from THE GUARDIAN: Foreign Secretary, when you left Beijing with the prime minister last year, did you think that there would be the kind of stalemate on negotiations about the airport which has arisen since? In other words, did you think, once you signed that agreement, that basically there was only the fine tuning to do, and the whole thing [passage indistinct] as has happened? There doesn't really seem to be much progress since then.

[Hurd] Oh, I think there has been a lot of progress. We now know what was not clear before, that the Chinese view is that the airport should be built and built in Hong Kong. You remember that there was a good deal of questioning on that very point; I think last time I had a press conference here. So there's been, [word indistinct] progress. I didn't foresee this particular difficulty coming up. It was perfectly likely that there would be specific problems from time to time, and that's why machinery was set up to deal with them. Let's try and get that machinery to do its job.

[Reporter] Foreign Secretary, Fanny Wong, SOUTH CHINA MORNING POST. Just now you stressed about the need for continuity. Do you think there's a need for through-train arrangement Exco members?

[Hurd] Well, there is a....[Hurd changes thought] I was talking about the Legco elections. I think when I mentioned the phrase through train, I was talking about continuity, of the 1995 elections, through 1997. I do not think I want to add to what the governor said about Exco.

[Reporter] But Exco is also part of the government system, and a very important part of the government system. Do you think that there is a need for discussions with China on through-train arrangement for Exco members who can straddle 1997?

[Hurd] Well, that is for the governor to decide, but the appointments at Exco are not a matter for the PRC. They are a matter for the governor.

[Patten] What you can depend on is that I won't be appointing Exco in 1998. But I will be appointing members of Exco between now and 1997.

[Reporter] Mr. Hurd, Jeremy Wagstaff from Reuters. Could you describe your hopes for the meeting today in London of the Bosnian factions, given the comments of the Bosnian president that it will simply serve as a report on the war rather than any serious peace negotiations?

[Hurd] There are two things that are needed in Bosnia. One is a cease-fire that works, as opposed to a cease-fire which the three leaders concerned sign and does not work, and the second is-there are three things-the second is humanitarian relief, which comes and goes, but does, to a limited extent, get through, and the third is some prospect of a political settlement. And that is the purpose of Lord Carrington's efforts and Ambassador Cutileiro's efforts. This is a country-Bosnia-Hercegovina. We have recognized it. The European Community has recognized it. It is a member of the UN. Within it, there are three communities—political communities. They have to find a way in which they can live together once the fighting has stopped, and it will be easier to stop the fighting once they are sitting down and actually working that out. So that the worries that Bosnia is going to be partitioned between Serbia and Croatia disappear, it is seen that this is going to be one country with three political communities living together in it. That is the purpose of the continuous efforts. We have to go on making them, to show them a forum, a meeting place where they can discuss it. It not a luxury; it is a necessity.

[Reporter] Lau Yi-ping from HONG KONG DAILY NEWS. Our source says that a senior representative meeting will be held in London within days to discuss the airport issue. Will you confirm it or deny it?

[Hurd] No. What I am confirming is a meeting of the Airport Committee here in Hong Kong on 30 July.

[Patten] It is coming this Thursday.

[Reporter] Francis Moriarty, Metro News. If we could follow up on the Yugoslavia question. Is the fact that there is now to be an international conference a tacit admission that the European Community has frankly failed in finding a cohesive and effective response to solving this civil war?

[Hurd] The civil war is not inside the European Community. It is inside the former Yugoslavia. And therefore it cannot be solved elsewhere than inside the former Yugoslavia. What the Community has done is provide a set of ideas and a framework in which they can discuss their future relationships. And that we will continue to do. And what we have done in calling this conference is follow through the remit which was worked out exactly a week ago in the Foreign Affairs Council that we should consult, and we should then broaden and intensify the Carrington process which remains the core of the peacemaking effort. So we have consulted the secretary general

of the UN—I went there on Monday—and we are now calling this conference. So the peace process, the peace process is broadening and intensifying as we have been asked to do.

[Reporter] ORIENTAL DAILY NEWS, Carrie Chan. Why do you say that the airport issue should be separated from any other issues, and you told the legislators that the airport issue should not be mixed up with the electoral system matter. Why do you say that? Is it that the Chinese side intend to do that?

[Hurd] No. I read occasional press reports that there is some linkage. It is not anything official, but it is important to make it clear that in our view that is not the best way to tackle matters. Here is a limited difference of view on the financing of the airport, on which there is a general agreement. But on this limited financial matter, which is important but limited, there is not agreement. That should be discussed on its merits. There are proposals, there are counterproposals. Let us settle this on its merits, and not try, even in some vague way, to link it with other matters. That won't work.

[Reporter] [Name indistinct], SUNDAY TIMES. Are there any plans, or indeed any likelihood, of Hong Kong matters, the airport or other matters, being taken up at prime ministerial level again within the next few months?

[Hurd] There are no plans for that. I will have a meeting with the Chinese foreign minister in New York in September. That is part of the process which was agreed, you remember, in the Memorandum of Understanding. The aim of that is to try and spur on the Joint Liaison Group, try and speed up work there, but obviously we have not settled the exact agenda for that meeting yet.

[Reporter] [Name indistinct] of the SOUTH CHINA MORNING POST. I wonder, could you tell me whether there has been [words indistinct] any response to the worries about split families who would look likely to lose out on British nationality?

[Hurd] Yes, I had a letter from the representatives of the families which I saw this morning. And I have been with, Dr. Cheong has been in touch with me because he has been working very hard in that issue. This question has gone on for a long time, I recognize that. I have been in touch with the home secretary today, here, in an effort to speed it on. And he has authorized me to say that he will look speedily and generously at individual cases as they come before him.

[Reporter] Patricia Leung from [words indistinct]. The Legislative Council has voted for one seat, one vote electoral system in 1995, but the Chinese side favors the multi-seat, one vote system. So when you are considering the political development of Hong Kong, which will weigh heavier? Which opinion?

[Patten] We will have to listen to the views of the community on the right voting method for 1995. As I

have said before, what is imperative—and I am sure that all those who argue quite properly for a smooth transition would recognize that it was imperative—is to see that we have a voting system which is regarded as fair, regarded as equitable not only by those who win but by those who lose. We have to have a system which is broadly acceptable to the community as a fair way of ensuring participation by the members of the community in the government of Hong Kong.

[Reporter] [Name indistinct] from ECONOMIC TIMES. Mr. Hurd, you said that both through train and increasing directly elected seats are desirable to you, but the Chinese side say that the Basic Law has already fixed the number of directly elected seats after 1997. So in what way can both be desirable at the same time?

[Hurd] Well, they can both be desirable. We have not yet discussed this with the Chinese side. I have said often that we will do so, and we will do so when the governor has completed his review and we have considered what he believes are the right answers for Hong Kong. Then we will go to the Chinese and discuss those matters, those aspects in which they have a legitimate interest, which of course go beyond simply the number of directly elected seats. We have to establish the questions in which they have a legitimate interest and discuss those with them; so I think it is premature to assume anything beyond that.

[Reporter] If the Chinese side refuses to increase the number of directly elected seats, then what will the British side do?

[Hurd] Well, we will have to take stock of that situation. But that will come after we discuss the matter with them and not now.

[Reporter] [Name indistinct], Radio Netherlands. Mr. Hurd or Mr. Patten, will the construction of the airport continue till an agreement with China is reached in, let us say, six months' time?

[Patten] There are a number of projects, as you know, which are, broadly speaking, encompassed in the term the airport project which are going ahead. And those will go ahead as they are at present. For example, the building of the largest bridge.

Yes. Sorry, all right, you and then you.

[Reporter] Philip Bowring. Mr. Hurd, you have just been in Manila for the ASEAN meeting, at which the Spratlys was a main subject of discussion. Could you tell us what is the attitude of the British Government, and indeed of the EC, more broadly, to China's claims of navigation rights throughout the China Sea, the South China Sea for nuclear vessels and submarines?

[flurd] I was not actually at the ASEAN discussion on the Spratlys because it was an ASEAN discussion and not one in which the dialogue—what they call the dialogue partners—took part in. So I would rather not comment on that, or specifically on the matter which you mentioned. [Reporter] [Name indistinct] of Radio Television Hong Kong. Mr. Hurd, do you consider it political reality for the British side to discuss with the Chinese side on the appointment of senior government officials of the Hong Kong Government?

[Hurd] The responsibility for appointing senior officials of the Hong Kong Government rests with the governor, and that is the, of course, the constitutional position. As time passes and 1997 approaches, obviously there will be need to be, in the interests of good order, some discussion on continuity. [turns to Patten] Do you want to add to that?

[Patten] I think that as we approach 1997, cooperation will inevitably and properly become more extensive right across the issues which will affect us as government before 1997, and the SAR [Special Administrative Region] after 1997. And we will have to behave in a way which recognizes that. On both sides.

Two more. One and then, last.

[Reporter] [Name indistinct] of the SOUTH CHINA MORNING POST. Mr. Hurd, you said that the work of the JLG must be sped up. But how to speed it up, in what way?

[Hurd] The JLG meets quite often, but its minutes don't suggest that it is very quick or effective at the moment at producing answers. This is no fault, I think, of Mr. Galsworthy and his team. It is the right body, so we do need to try and resolve the blockages. I will try, again, when I meet with Mr. Qian Qichen, the Chinese foreign minister, in New York, to do that and to find out how these blockages occur. It may be, a lot of them may be a genuine need to reconcile genuinely differing interests. There are real problems which do have to be seriously considered and tackled. So I am not making any general accusation about the work of the JLG. But we will increasingly find, as 1997 approaches, that on the Chinese side there will be an interest in quickening the pace of the work. [Word indistinct] there will be a lot of matters they want to tackle. And really, our view is that the sooner we can accelerate, the better.

[Patten] I don't think one should underestimate the amount of work which has been done by the heroes who spent so much time discussing these matters in the JLG. A great deal of work done on particularly legal issues; the position of Hong Kong in international fora; bilateral and multilateral agreements between Hong Kong and other countries; localization of laws; and so on. All very important matters, but there is still a lot of work to do. And we are, I think, going to have to make sure that whereover possible, months last 31 days at the outside.

[Reporter] Foreign Secretary, [Name indistinct] from ITN. Are you satisfied that the compromise effected between the Iraqi Government and the UN will save the possibility of military action in Baghdad?

[Hurd] I am not sure about compromise. Iraq has complied with the immediate requirements of the [word indistinct] commission, so the immediate crisis is over.

[Question indistinct] Well, all I can answer to that is the immediate crisis is over and the future is the future. It is satisfactory that Iraq has complied.

[Patten] Last question.

[Reporter] [Name indistinct] for TVB [Television Broadcasts] News. You say you won't talk about the specifics, I mean negotiating the specifics of directly elected seats. But as semeone from a democratic country, would you be disappointed if there was not more democracy in Hong Kong between now and 1997?

[Hurd] There will undoubtedly be some advance because the Basic Law provides for some advance. The extent of that advance will depend, firstly, on the governor's review, secondly, on our considerations in London; but we won't hang about about that, on that. Once we have the governor's views, we will take our decisions quickly. And finally, on the discussions with Peking, that we have been taking about.

[Patten] It is worth remembering that under present plans, in 1995, the whole of the Legislative Council will be elected by one means or other, and that was not the situation only a few years ago.

Thank you all very much indeed.

[Hurd] Thank you very much.

Sino-British Airport Committee To Meet 30 Jul

OW2707102892 Beijing XINHUA in English 0951 GMT 27 Jul 92

[Text] Hong Kong, July 27 (XINHUA)—The Sino-British Airport Committee will hold its next meeting on July 30 in Hong Kong, according to a news release available here today.

The two teams will be led by Chinese and British senior representatives to the Sino-British Joint Liaison Group Guo Fengmin and Anthony Galsworthy respectively.

Governor 'Unlikely' To Visit Beijing Soon

HK2507062792 Hong Kong SOUTH CHINA MORNING POST in English 25 Jul 92 p 1

[By Fanny Wong and Kent Chen]

[Text] The Governor, Mr Chris Patten, is unlikely to visit Beijing before mid-October despite an invitation for him to do so soon from China's top spokesman on Hong Kong affairs, Mr Lu Ping.

A China trip is likely to come shortly after Mr Patten delivers his maiden state-of-the-territory address to the Legislative Council [Legco] on October 7. Instead of making Canada the destination for his first overseas trip as Governor, Mr Patten is likely to fly to Beijing before visiting Ottawa and Vancouver on October 17 to officiate at the closing of the Hong Kong Festival there.

He had originally pencilled in October 14 for the policy address to Legco, but it is believed the speech has been brought forward to allow for a possible mainland trip between October 7 and 17.

China is keen for Mr Patten to visit as soon as possible, although the Governor maintains he should only go after his policy address.

Mr Lu, director of the State Council's Hong Kong and Macao Affairs Office, issued his invitation verbally through the newly-formed pro-China party, the Democratic Alliance for the Betterment of Hong Kong (DAB), earlier this week.

Analysts said Mr Patten would want to avoid a Beijing trip before his Legco address to avoid claims that he was consulting China on his policy speech.

Mr Patten said yesterday he was looking forward to going to Beijing, but added that Mr Lu would also be a welcome visitor to the territory.

He did not mind that Mr Lu's invitation had been passed on to him by Democratic Alliance members.

"I have to say that similar invitations have been passed by others who have said they are bearing messages, and my reply to them all has been that I very much look forward to visiting Beijing before too long and that if Mr Lu Ping can visit Hong Kong before too long, he will be a welcomed guest here."

Mr Patten's first formal meeting with a senior Chinese official since his inauguration is likely to be with the Chinese Ambassador to Britain, Mr Ma Yuzhen, who will visit the territory later this month.

Vice-director of the Hong Kong branch of the New China News Agency (NCNA), Mr Zhang Junsheng, yesterday confirmed that Mr Ma would meet the Governor when he visits on his way to Beijing.

It is understood Mr Patten will brief the ambassador on Hong Kong issues and political subjects are expected to be raised.

Meanwhile, the British Foreign Secretary, Mr Douglas Hurd, will fly to Hong Kong tomorrow for a brief stay.

Mr Hurd is expected to be briefed by Mr Patten on the latest developments in Hong Kong.

He will meet members of the Executive and Legislative Councils as well as representatives of the two municipal councils and district boards and give a press conference on Monday before flying out on Tuesday [28 July]. Wu Xueqian Meets Hong Kong Youth Delegation OW2207100092 Beijing XINHUA in English 0740 GMT 22 Jul 92

[Text] Beijing, July 22 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with a delegation from the Hong Kong Federation of Youth Groups led by its President Lee Chi Wah at Zhongnanhai here this afternoon.

Wu had a cordial conversation with the visitors on issues concerning the smooth transition in Hong Kong and the strengthening of exchanges between the young people in the Chinese Mainland and Hong Kong.

Zhang Baoshun, president of the All-China Youth Federation, attended the meeting.

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